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7 **Attorney for Plaintiffs**

8 **UNITED STATES DISTRICT COURT**
9 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN FRANCISCO DIVISION**

11 IN RE: CHRYSLER-DODGE-JEEP
12 ECODIESEL MARKETING, SALES
13 PRACTICES, AND PRODUCT
LIABILITY LITIGATION

MDL DOCKET NO. 2777 EMC

14 This documents relates to Case No.:
15 3:18-cv-05646-JSC, Nicholis Duncan,
16 et al. vs. FCA US LLC, et al.

**PLAINTIFFS' FIRST AMENDED
COMPLAINT AND JURY DEMAND**

PLAINTIFFS' FIRST AMENDED COMPLAINT AND JURY TRIAL DEMAND

Plaintiffs listed and set forth herein below file this First Amended Complaint and Jury Trial Demand complaining of (1) the Defendants collectively referred to as “Fiat Chrysler”: FCA US LLC (“FCA”), Fiat Chrysler Automobiles N.V. (“Fiat”); (2) the Defendants collectively referred to as “VM Motori”: VM Motori S.p.A. (“VM Italy”) and VM North America, Inc. (“VM America”); and (3) the Defendants collectively referred to as “Bosch”: Robert Bosch GmbH (“Bosch GmbH”), and Robert Bosch, LLC (“Bosch LLC”) and for cause of action would show.

INTRODUCTION

1. This action arises out of an international race to the bottom. Fiat Chrysler, a rival of automaker Volkswagen struggling to compete on the world stage, sought to grab a piece of the U.S. “clean” diesel market with 2014-2016 EcoDiesel® trucks marketed under the Jeep Grand Cherokee and Ram 1500 model names (the “Fraudulent Vehicles”). But like Volkswagen, Fiat Chrysler fought dirty. That is, like Volkswagen did with its “clean diesels,” Fiat Chrysler concealed from regulators and consumers alike that the EcoDiesel® trucks were far from “Eco.”

2. As the Environmental Protection Agency (“EPA”) has since discovered, Fiat Chrysler, by and through FCA, concealed emission treatment software features in the Fraudulent Vehicle engine’s diesel controls on applications for EPA Certificates of Conformity (“COCs”) and California Air Resources Board (“CARB”) Executive Orders (“EOs”). This hidden software, designed and implemented by Bosch GmbH and Bosch LLC, allowed the Fraudulent Vehicles to “pass” emission testing and obtain COCs and EOs so that Fiat Chrysler could import and sell the Fraudulent Vehicles in the U.S. and California, respectively. Once on America’s roads, however, the emission controls are de-activated or severely restricted such that the Fraudulent Vehicles spew much higher amounts of polluting nitrogen oxides (“NOx”) than permitted by

1 law.

2 3. On January 12, 2017, the EPA issued a Notice of Violation (“NOV”) against
3 Fiat and FCA for failing “to disclose [eight] Auxiliary Emission Control Devices (AECDs)” in
4 the 2014-2016 FCA Ram 1500s and Jeep Grand Cherokees. In the NOV, the EPA explained
5 that, despite having the opportunity to do so, Fiat and FCA failed to refute that the “principal
6 effect of one or more of these AECDs was to bypass, defeat, or render inoperative one or more
7 elements of design installed to comply with emissions standards under the [Clean Air Act.]”
8

9 4. The same day, CARB publicly announced that it, too, had notified Fiat and FCA
10 of its violations after detecting the AECDs in their 2014, 2015, and 2016 Jeep Grand Cherokee
11 and Ram 1500 EcoDiesel® vehicles. CARB also said Fiat and FCA failed to disclose the devices,
12 which can significantly increase NOx emissions when activated. “Once again,” observed CARB
13 Chair Mary D. Nichols, “a major automaker made the business decision to skirt the rules and got
14 caught.”
15

16 5. The U.S. has since sued FCA, Fiat, VM Italy, and VM America for violating the
17 Clean Air Act (“CAA”) and applicable regulations, seeking injunctive relief and civil penalties.
18 As the U.S. has found, “one or more of these undisclosed software features, alone or in
19 combination with one or more of the others, bypass, defeat and/or render inoperative the
20 [Fraudulent] Vehicles’ emission control system, causing the vehicles to emit substantially higher
21 levels of NOx during certain normal real world driving conditions than during federal emission
22 tests.”
23

24 6. American consumers were caught in the middle of Fiat Chrysler’s scheme.
25 Consumers have been wary of diesel engines as a relic of the past: noisy and spewing thick,
26 toxic smoke. This was an understandable concern. A byproduct of diesel combustion is NOx,
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1 a pollutant linked with serious health dangers and climate change. Seeking to expand the diesel
2 market in the U.S., large automakers in the late 2000's sought to reimagine diesel for regulators
3 and consumers alike. For its part, Fiat Chrysler touted its "EcoDiesel" technology as the best of
4 both worlds: a "green" alternative to gasoline with reduced emissions coupled with diesel's
5 benefits of greater torque, power, and fuel efficiency. Fiat Chrysler extracted a premium for
6 these "EcoDiesel" trucks, selling them for thousands of dollars more than the cost of otherwise-
7 comparable gasoline trucks.
8

9 7. Contrary to its public representations, and concealed from consumers and
10 regulators alike, Fiat Chrysler secretly programmed its EcoDiesel® vehicles with hidden
11 software features that significantly reduced the effectiveness of the NOx reduction technology
12 during real- world driving conditions. As a result, the Fraudulent Vehicles emitted harmful
13 pollutants at levels that were illegally high and far in excess of what a reasonable consumer
14 would expect from an "Eco" vehicle. On-road testing has confirmed that the Fraudulent Vehicles
15 produced NOx emissions at an average of 222 mg/mile in city driving (four times the Federal
16 Test Procedure ("FTP") standard of 50 mg/mile) and 353 mg/mile in highway driving (five times
17 higher than the U.S. highway standard of 70 mg/mile). In many instances, NOx values were in
18 excess of 1,600 mg/mile—more than 20 times governmental standards.
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21 8. Compounding this problem is the interplay between performance and emissions
22 in diesel engines. Fiat Chrysler could not achieve the fuel economy and performance that it
23 promises for the Fraudulent Vehicles without cheating on emissions—a fact that it concealed
24 from consumers around the country.
25

26 9. Fiat Chrysler did not act alone. At the heart of the diesel scandal is Bosch.
27 Bosch GmbH and Bosch LLC, along with CEO Volkmar Denner ("Denner"), were active and
28

1 knowing participants in the scheme. Bosch designed, created, and tested the electronic diesel
 2 control (“EDC”) units that allowed Fiat Chrysler to “pass” emission tests for its COC and EO
 3 applications. Bosch went so far as to boast that the “2014 Jeep Grand Cherokee features a Bosch
 4 emission system compliant with the most stringent emission regulations in the world. From fuel
 5 tank to tailpipe, Bosch is pleased to equip this vehicle with top technologies to give consumers
 6 a great driving experience requiring fewer stops at the pump.” Bosch has since, however,
 7 acknowledged its role in the creation of defeat devices in certain Fiat Chrysler diesel vehicles
 8 sold in the European Union (“EU”). VM Italy and VM America also knowingly participated in
 9 the scheme by designing, manufacturing, and calibrating the “EcoDiesel” engines in the
 10 Fraudulent Vehicles.
 11

12
 13 10. Plaintiffs hereby bring this action for violations of the federal Racketeer
 14 Influenced and Corrupt Organizations Act (18 U.S.C. § 1961, *et seq.* (“RICO”)), common law
 15 fraud, and consumer protection laws.
 16

17 11. Plaintiffs seek a buyback of their Fraudulent Vehicles, monetary damages
 18 (including treble damages under RICO). Plaintiffs are also entitled to a significant award of
 19 punitive or exemplary damages, given that Defendants deliberately deceived Plaintiffs,
 20 disregarded their rights to make free and informed consumer choices, damaged them
 21 economically, and used them as unwitting puppets in a scheme that impaired the public health.
 22

23 **PARTIES**

24 **PLAINTIFFS**

25 12. Plaintiffs Nicholis Duncan and Raven Duncan are citizens of the State of California
 26 who acquired a 2015 Jeep Grand Cherokee in the State of California. In deciding to acquire the
 27 vehicle, Plaintiffs saw and relied upon the “EcoDiesel” badge that was affixed to the vehicle, as
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1 well as the advertised fuel economy and performance. Plaintiffs acquired the vehicle based on the
2 representation the vehicle was “an “Ecodiesel” vehicle (i.e. reduced emissions and fuel efficient) as
3 well as based on the advertised fuel economy and performance. Plaintiffs further saw and relied on
4 additional information and marketing conveying the message that the vehicle was environmentally
5 friendly, had low emissions, and had good fuel economy and performance. All of these
6 representations were material and false because the vehicle contains undisclosed emission
7 cheating components that cause them to pollute excessively in real-world driving conditions. At
8 the time of acquisition, Plaintiffs did not know that the vehicle could perform as advertised only
9 by emitting NOx at levels that are greater than advertised and above legal limits. Nor were
10 Plaintiffs aware that the vehicle was equipped with undisclosed and unauthorized emission control
11 devices designed to cheat emission tests and to deceive consumers and regulators. Plaintiffs would
12 not have acquired the vehicle, or would have paid less for it, had it been known that the vehicle
13 did not comply with emission standards; that it did not have reduced emissions levels; that its
14 emission treatment system was designed to de-activate during real-world driving conditions; and
15 that it could not achieve the advertised towing power, performance, and/or fuel economy without
16 cheating emission tests. Plaintiffs have suffered a concrete injury as a direct and proximate result
17 of Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for
18 it, had Defendants not concealed the unauthorized emission control devices.

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22 13. Plaintiff Gary Stevens is a citizen of the State of California who acquired a 2016
23 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle, Plaintiff saw and
24 relied upon the “EcoDiesel” badge that was affixed to the vehicle, as well as the advertised fuel
25 economy and performance. Plaintiff acquired the vehicle based on the representation the vehicle
26 was “an “Ecodiesel” vehicle (i.e. reduced emissions and fuel efficient) as well as based on the
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1 advertised fuel economy and performance. Plaintiff further saw and relied on additional
2 information and marketing conveying the message that the vehicle was environmentally friendly,
3 had low emissions, and had good fuel economy and performance. All of these representations
4 were material and false because the vehicle contains undisclosed emission cheating components
5 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
6 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
7 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
8 was equipped with undisclosed and unauthorized emission control devices designed to cheat
9 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
10 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
11 emission standards; that it did not have reduced emissions levels; that its emission treatment
12 system was designed to de-activate during real-world driving conditions; and that it could not
13 achieve the advertised towing power, performance, and/or fuel economy without cheating
14 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
15 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
16 had Defendants not concealed the unauthorized emission control devices.

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20 14. Plaintiffs Sean DeVore and Kimberly DeVore are citizens of the State of California
21 who acquired a 2016 Dodge RAM 1500 in the State of California. In deciding to acquire the
22 vehicle, Plaintiffs saw and relied upon the "EcoDiesel" badge that was affixed to the vehicle, as
23 well as the advertised fuel economy and performance. Plaintiffs acquired the vehicle based on the
24 representation the vehicle was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as
25 well as based on the advertised fuel economy and performance. Plaintiffs further saw and relied on
26 additional information and marketing conveying the message that the vehicle was environmentally
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1 friendly, had low emissions, and had good fuel economy and performance. All of these
2 representations were material and false because the vehicle contains undisclosed emission
3 cheating components that cause them to pollute excessively in real-world driving conditions. At
4 the time of acquisition, Plaintiffs did not know that the vehicle could perform as advertised only
5 by emitting NOx at levels that are greater than advertised and above legal limits. Nor were
6 Plaintiffs aware that the vehicle was equipped with undisclosed and unauthorized emission control
7 devices designed to cheat emission tests and to deceive consumers and regulators. Plaintiffs would
8 not have acquired the vehicle, or would have paid less for it, had it been known that the vehicle
9 did not comply with emission standards; that it did not have reduced emissions levels; that its
10 emission treatment system was designed to de-activate during real-world driving conditions; and
11 that it could not achieve the advertised towing power, performance, and/or fuel economy without
12 cheating emission tests. Plaintiffs have suffered a concrete injury as a direct and proximate result
13 of Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for
14 it, had Defendants not concealed the unauthorized emission control devices.

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18 15. Plaintiff Jason Cornell is a citizen of the State of California who acquired a 2015
19 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle, Plaintiff saw and
20 relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the advertised fuel
21 economy and performance. Plaintiff acquired the vehicle based on the representation the vehicle
22 was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as well as based on the
23 advertised fuel economy and performance. Plaintiff further saw and relied on additional
24 information and marketing conveying the message that the vehicle was environmentally friendly,
25 had low emissions, and had good fuel economy and performance. All of these representations
26 were material and false because the vehicle contains undisclosed emission cheating components
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1 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
2 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
3 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
4 was equipped with undisclosed and unauthorized emission control devices designed to cheat
5 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
6 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
7 emission standards; that it did not have reduced emissions levels; that its emission treatment
8 system was designed to de-activate during real-world driving conditions; and that it could not
9 achieve the advertised towing power, performance, and/or fuel economy without cheating
10 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
11 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
12 had Defendants not concealed the unauthorized emission control devices.

15 16. Plaintiff Bridget Cooper is a citizen of the State of California who acquired a 2015
16 Jeep Grand Cherokee in the State of California. In deciding to acquire the vehicle, Plaintiff saw
17 and relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the advertised fuel
18 economy and performance. Plaintiff acquired the vehicle based on the representation the vehicle
19 was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as well as based on the
20 advertised fuel economy and performance. Plaintiff further saw and relied on additional
21 information and marketing conveying the message that the vehicle was environmentally friendly,
22 had low emissions, and had good fuel economy and performance. All of these representations
23 were material and false because the vehicle contains undisclosed emission cheating components
24 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
25 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
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1 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
2 was equipped with undisclosed and unauthorized emission control devices designed to cheat
3 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
4 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
5 emission standards; that it did not have reduced emissions levels; that its emission treatment
6 system was designed to de-activate during real-world driving conditions; and that it could not
7 achieve the advertised towing power, performance, and/or fuel economy without cheating
8 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
9 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
10 had Defendants not concealed the unauthorized emission control devices.
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13 17. Plaintiffs Mike Smith and Donna Smith are citizens of the State of California who
14 acquired a 2016 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle,
15 Plaintiffs saw and relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the
16 advertised fuel economy and performance. Plaintiffs acquired the vehicle based on the
17 representation the vehicle was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as
18 well as based on the advertised fuel economy and performance. Plaintiffs further saw and relied on
19 additional information and marketing conveying the message that the vehicle was environmentally
20 friendly, had low emissions, and had good fuel economy and performance. All of these
21 representations were material and false because the vehicle contains undisclosed emission
22 cheating components that cause them to pollute excessively in real-world driving conditions. At
23 the time of acquisition, Plaintiffs did not know that the vehicle could perform as advertised only
24 by emitting NOx at levels that are greater than advertised and above legal limits. Nor were
25 Plaintiffs aware that the vehicle was equipped with undisclosed and unauthorized emission control
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1 devices designed to cheat emission tests and to deceive consumers and regulators. Plaintiffs would
2 not have acquired the vehicle, or would have paid less for it, had it been known that the vehicle
3 did not comply with emission standards; that it did not have reduced emissions levels; that its
4 emission treatment system was designed to de-activate during real-world driving conditions; and
5 that it could not achieve the advertised towing power, performance, and/or fuel economy without
6 cheating emission tests. Plaintiffs have suffered a concrete injury as a direct and proximate result
7 of Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for
8 it, had Defendants not concealed the unauthorized emission control devices.

10 18. Plaintiffs Thomas Atkins and Stephanie Atkins are citizens of the State of
11 California who acquired a 2014 Dodge RAM 1500 in the State of California. In deciding to acquire
12 the vehicle, Plaintiffs saw and relied upon the "EcoDiesel" badge that was affixed to the vehicle,
13 as well as the advertised fuel economy and performance. Plaintiffs acquired the vehicle based on
14 the representation the vehicle was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient)
15 as well as based on the advertised fuel economy and performance. Plaintiffs further saw and relied
16 on additional information and marketing conveying the message that the vehicle was
17 environmentally friendly, had low emissions, and had good fuel economy and performance. All
18 of these representations were material and false because the vehicle contains undisclosed emission
19 cheating components that cause them to pollute excessively in real-world driving conditions. At
20 the time of acquisition, Plaintiffs did not know that the vehicle could perform as advertised only
21 by emitting NOx at levels that are greater than advertised and above legal limits. Nor were
22 Plaintiffs aware that the vehicle was equipped with undisclosed and unauthorized emission control
23 devices designed to cheat emission tests and to deceive consumers and regulators. Plaintiffs would
24 not have acquired the vehicle, or would have paid less for it, had it been known that the vehicle
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1 did not comply with emission standards; that it did not have reduced emissions levels; that its
2 emission treatment system was designed to de-activate during real-world driving conditions; and
3 that it could not achieve the advertised towing power, performance, and/or fuel economy without
4 cheating emission tests. Plaintiffs have suffered a concrete injury as a direct and proximate result
5 of Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for
6 it, had Defendants not concealed the unauthorized emission control devices.
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8 19. Plaintiff Edward Reisinger is a citizen of the State of Texas who acquired a 2016
9 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle, Plaintiff saw and
10 relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the advertised fuel
11 economy and performance. Plaintiff acquired the vehicle based on the representation the vehicle
12 was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as well as based on the
13 advertised fuel economy and performance. Plaintiff further saw and relied on additional
14 information and marketing conveying the message that the vehicle was environmentally friendly,
15 had low emissions, and had good fuel economy and performance. All of these representations
16 were material and false because the vehicle contains undisclosed emission cheating components
17 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
18 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
19 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
20 was equipped with undisclosed and unauthorized emission control devices designed to cheat
21 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
22 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
23 emission standards; that it did not have reduced emissions levels; that its emission treatment
24 system was designed to de-activate during real-world driving conditions; and that it could not
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1 achieve the advertised towing power, performance, and/or fuel economy without cheating
2 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
3 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
4 had Defendants not concealed the unauthorized emission control devices.

5 20. Plaintiff Christopher Blow is a citizen of the State of California who acquired a
6 2016 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle, Plaintiff saw
7 and relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the advertised
8 fuel economy and performance. Plaintiff acquired the vehicle based on the representation the
9 vehicle was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as well as based on
10 the advertised fuel economy and performance. Plaintiff further saw and relied on additional
11 information and marketing conveying the message that the vehicle was environmentally friendly,
12 had low emissions, and had good fuel economy and performance. All of these representations
13 were material and false because the vehicle contains undisclosed emission cheating components
14 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
15 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
16 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
17 was equipped with undisclosed and unauthorized emission control devices designed to cheat
18 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
19 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
20 emission standards; that it did not have reduced emissions levels; that its emission treatment
21 system was designed to de-activate during real-world driving conditions; and that it could not
22 achieve the advertised towing power, performance, and/or fuel economy without cheating
23 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
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1 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
2 had Defendants not concealed the unauthorized emission control devices.

3 21. Plaintiff Alan Pennington is a citizen of the State of Texas who acquired a 2016
4 Dodge RAM 1500 in the State of California. In deciding to acquire the vehicle, Plaintiff saw and
5 relied upon the "EcoDiesel" badge that was affixed to the vehicle, as well as the advertised fuel
6 economy and performance. Plaintiff acquired the vehicle based on the representation the vehicle
7 was "an "Ecodiesel" vehicle (i.e. reduced emissions and fuel efficient) as well as based on the
8 advertised fuel economy and performance. Plaintiff further saw and relied on additional
9 information and marketing conveying the message that the vehicle was environmentally friendly,
10 had low emissions, and had good fuel economy and performance. All of these representations
11 were material and false because the vehicle contains undisclosed emission cheating components
12 that cause them to pollute excessively in real-world driving conditions. At the time of acquisition,
13 Plaintiff did not know that the vehicle could perform as advertised only by emitting NOx at levels
14 that are greater than advertised and above legal limits. Nor was Plaintiff aware that the vehicle
15 was equipped with undisclosed and unauthorized emission control devices designed to cheat
16 emission tests and to deceive consumers and regulators. Plaintiff would not have acquired the
17 vehicle, or would have paid less for it, had it been known that the vehicle did not comply with
18 emission standards; that it did not have reduced emissions levels; that its emission treatment
19 system was designed to de-activate during real-world driving conditions; and that it could not
20 achieve the advertised towing power, performance, and/or fuel economy without cheating
21 emission tests. Plaintiff has suffered a concrete injury as a direct and proximate result of
22 Defendants' misconduct, and would not have acquired the vehicle, or would have paid less for it,
23 had Defendants not concealed the unauthorized emission control devices.
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DEFENDANTS**The Fiat Chrysler Defendants**

22. Defendant FCA US LLC (“FCA”) is a Delaware limited liability company. Defendant Fiat Chrysler Automobiles N.V. (“Fiat” or, together with FCA, “Fiat Chrysler”) is FCA’s corporate parent. Fiat’s predecessor, Fiat S.p.A., began its acquisition of FCA’s predecessor, Chrysler Group LLC, in 2009 and completed it in January 2014, at which time Chrysler Group LLC became a wholly-owned indirect subsidiary of Fiat and was renamed FCA US LLC. FCA’s principal place of business and headquarters is at 1000 Chrysler Drive, Auburn Hills, Michigan 48326, and it may be served with process by service upon its registered agent for service at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801.

23. FCA is a motor vehicle manufacturer and a licensed distributor of new, previously untitled motor vehicles. FCA (like its predecessor, Chrysler) is one of the “Big Three” American automakers (with Ford and General Motors). FCA engages in commerce by distributing and selling new and unused passenger cars and motor vehicles under the Chrysler, Dodge, Jeep, Ram, and Fiat brands. Other major divisions of FCA include Mopar, its automotive parts and accessories division, and SRT, its performance automobile division.

24. FCA has designed, manufactured, imported, distributed, offered for sale, sold, and leased two models of vehicle for which the EcoDiesel® option is available—the Ram 1500 and the Jeep Grand Cherokee—with the knowledge and intent to market, sell, and lease them in all 50 states, including in California. Moreover, FCA and its agents designed, manufactured, marketed, distributed, warranted, sold and leased the Fraudulent Vehicles throughout the United States. Dealers act as FCA’s agents in selling automobiles under the Fiat Chrysler name and

1 disseminating vehicle information provided by Fiat Chrysler to customers.

2 25. Fiat, the corporate parent of FCA, is a Dutch corporation headquartered in
3 London, United Kingdom. Fiat owns numerous European automotive brands in addition to
4 FCA's American brands, including Maserati, Alfa Romeo, Fiat Automobiles, Fiat Professional,
5 Lancia, and Abarth. As of 2015, Fiat Chrysler is the seventh largest automaker in the world by
6 unit production. Fiat may be served with process at its London headquarters, 25 St. James's St,
7 St. James's, London SW1A 1HA, UK
8

9 26. Plaintiffs allege that Fiat employees oversaw or were responsible for approving
10 elements of design and/or strategies related to emission compliance for the Fraudulent Vehicles.
11 Fiat also imported into the United States, sold, offered for sale, introduced into commerce, or
12 delivered the Fraudulent Vehicles, with the intent to market or sell them in all fifty states,
13 including in California.
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15 27. Fiat Chrysler developed and disseminated the owners' manuals, warranty
16 booklets, product brochures, advertisements, and other promotional materials relating to the
17 Fraudulent Vehicles, with the intent that such documents should be purposely distributed
18 throughout all fifty states, including in California. Fiat Chrysler is engaged in interstate
19 commerce, selling vehicles through its network in every state of the United States.
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21 **VM Motori Defendants**

22 28. Fiat also owns several auto parts manufacturers, including Defendant VM
23 Motori S.p.A. ("VM Italy"), an Italian corporation headquartered in Cento, Italy, which designs
24 and manufactures diesel engines for automobiles, including the Fraudulent Vehicles. Fiat
25 partially acquired VM Italy in early 2011 by purchasing a 50% stake, and took full ownership
26 by acquiring the remaining 50% from General Motors in October 2013. VM Italy may be served
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1 with process at its headquarters in Italy, VM Motori S.p.A., Via della Canapa 12, 44042 Cento,
2 Ferrara, Italia.

3 29. Defendant VM North America, Inc. (“VM America” or, together with VM Italy,
4 “VM Motori”) is or was a Delaware corporation and wholly-owned subsidiary of Fiat. VM
5 America existed, at all relevant times, to support VM Italy customers and activities in North
6 America. VM America’s principal place of business is located at 1000 Chrysler Drive, Auburn
7 Hills, Michigan 48326. Both VM Italy and VM America conduct business at that address and
8 report to management at both VM Italy and VM America, including while working on the
9 Fraudulent Vehicles. VM America may be served with process at by service upon its registered
10 agent, The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street,
11 Wilmington, DE 19801.
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14 30. VM Italy transacts business in the United States. VM Italy employees have been
15 physically present in Auburn Hills, Michigan, while working on engine calibration and air
16 emissions issues related to the Fraudulent Vehicles. Some VM America employees working in
17 Auburn Hills are also employees of VM Italy. VM Italy employees in Italy communicated
18 regularly about the Fraudulent Vehicles with the VM America and VM Italy employees located
19 in Auburn Hills. VM Italy also communicated frequently with FCA about the Fraudulent
20 Vehicles.
21

22 31. VM Motori designed, manufactured, calibrated, and delivered the EcoDiesel®
23 engine system for inclusion in the Fraudulent Vehicles, knowing and intending that the
24 Fraudulent Vehicles, along with their engine system, would be marketed, distributed, warranted,
25 sold and leased throughout all 50 states, including in California.
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Bosch Defendants

32. Defendant Robert Bosch GmbH (“Bosch GmbH”)—a German multinational engineering and electronics company headquartered in Gerlingen, Germany—is the parent company of Defendant Robert Bosch LLC (“Bosch LLC” or, with Bosch GmbH, “Bosch”), a Delaware limited liability company with its principal place of business located at 38000 Hills Tech Drive, Farmington Hills, Michigan 48331. Bosch LLC may be served with process by service upon its registered agent at Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808.

33. Both Bosch GmbH and Bosch LLC operate under the umbrella of the Bosch Group, which encompasses some 340 subsidiaries and companies. Volkmar Denner (“Denner”) is the Chairman and CEO of Bosch GmbH and leader of The Bosch Group. Denner has been Chairman and CEO of Bosch since July 2012, after decades of working in Bosch’s Engine ECU Development division, managing the development and sale of automotive engine computers, such as the EDC units that were installed in the Fraudulent Vehicles.

34. The Bosch Group is divided into four business sectors: Mobility Solutions (formerly Automotive Technology), Industrial Technology, Consumer Goods, and Energy and Building Technology. Bosch’s sectors and divisions are grouped not by location, but by function. In other words, Mobility Solutions includes knowledgeable individuals at both Bosch GmbH and Bosch LLC. Regardless of whether an individual works for Bosch in Germany or the United States, the employee holds him or herself out as working for Bosch. This collective identity is captured by Bosch’s mission statement: “We are Bosch,” a unifying principle that links each entity and person within the Bosch Group.

35. Mobility Solutions is the largest Bosch Group business sector. In 2014, the first

1 full year of Fraudulent Vehicle sales, it generated sales of €33.3 billion, amounting to 68% of
2 total group sales.

3 36. The Bosch Group is one of the leading automotive suppliers globally. In 2015,
4 Mobility Solutions generated sales of \$9.5 billion in North America alone.

5 37. Bosch embeds sales and engineering personnel at customer offices and facilities
6 throughout the world, including automakers like Fiat Chrysler, to work directly on the design,
7 sale, calibration, and configuration of the parts it supplies.

8 38. Bosch operates 70 locations in the United States, with over 31,000 employees.
9 One of these locations is the Bosch LLC Research and Technology Center North America in
10 Palo Alto, California. One of Bosch's research focuses there is application-specific integrated
11 circuit (ASIC) design and MEMS (microelectromechanical-system) technology. These
12 technologies are used in a variety of automotive applications. Bosch LLC also operates
13 Research and Technology Centers in Pittsburgh, Pennsylvania, and Cambridge, Massachusetts.
14

15 39. Bosch developed, tested, configured, manufactured, and supplied the EDC Unit
16 17, which is the EDC system used in the Fraudulent Vehicles, knowing and intending that the
17 Fraudulent Vehicles, along with the device, would be marketed, distributed, warranted, sold and
18 leased throughout all 50 states,. As set forth in detail herein, at all relevant times, Bosch, VM
19 Motori, and Fiat Chrysler worked collaboratively to program the EDC Unit 17 in the Fraudulent
20 Vehicles.
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22 40. From at least 2005 to 2015, Bosch and its employees were knowing and active
23 participants in the creation, development, marketing, and sale of engine and emission control
24 software designed to evade emission requirements in vehicles sold in the United States. These
25 vehicles include the Ram 1500 EcoDiesel® and Jeep Grand Cherokee EcoDiesel®, as well as
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1 diesels made by other automakers such as Volkswagen, Audi, and Porsche.

2 41. Bosch participated not just in the development of these devices, but also in the
3 scheme to prevent U.S. regulators from uncovering their true functionality. Moreover, Bosch's
4 participation was not limited to engineering these devices. In fact, Bosch marketed "clean diesel"
5 technology in the United States. Bosch was therefore a knowing and active participant in the
6 scheme or common course of conduct with Fiat Chrysler and VM Motori and others to defraud
7 regulators and consumers.
8

9 **JURISDICTION AND VENUE**

10 42. This Court has original subject-matter jurisdiction over this action under 28 U.S.C.
11 § 1331 (federal question) and 18 U.S.C. § 1964 (RICO). In addition, the Court has supplemental
12 jurisdiction over Plaintiffs' state law claims under 28 U.S.C. § 1367.
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14 43. This Court has personal jurisdiction over Defendants 18 U.S.C. § 1965(b) and (d).
15 The Court also possesses pendent personal jurisdiction over Defendants. Personal jurisdiction is
16 further proper over Defendants because, at all relevant times, they designed, manufactured, sold,
17 distributed, promoted and placed into the stream of commerce numerous diesel automobiles,
18 including the automobiles at issue in this case. In addition, the fraudulent statements and omissions
19 occurred, in part, in this District. Defendants also conduct business in California and the causes
20 of action asserted herein arose from and are connected to purposeful acts taken by Defendants in
21 California. Personal jurisdiction is proper in California over Defendants because they caused
22 tortious injury by an act or omission in California and because they transact substantial business
23 in California.
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26 44. Venue is proper in this district under 28 U.S.C. § 1391(b) because a substantial part
27 of the events or omissions giving rise to Plaintiffs' claims occurred in this District. Defendants
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1 have marketed, advertised, sold, and leased the Fraudulent Vehicles, and otherwise conducted
 2 extensive business, within this District.

3 **JURY TRIAL DEMAND**

4 45. Plaintiffs request a jury trial of this matter.

5 **FACTUAL BACKGROUND**

6 **FIAT CHRYSLER SEEKS TO CAPITALIZE ON THE** 7 **GROWING U.S. “CLEAN” DIESEL MARKET**

8 46. As part of a strategy to expand its North American presence, in 2009, Fiat began
 9 its acquisition of one of the “Big 3” U.S. automakers, Chrysler. In November of that year, CEO
 10 Marchionne unveiled an ambitious five-year plan to, among other things, roll out “more diesel
 11 variants” under the Jeep brand and to give Ram’s “Light duty (1500)” pickup truck a
 12 “refresh/facelift.” By 2014, Fiat had become Fiat Chrysler Automobiles, Chrysler had become
 13 FCA, and VM Motori, a long time supplier, was now part of the Fiat Chrysler sprawling family
 14 of affiliated companies. In May of that year, Sergio Marchionne announced another five-year
 15 plan at FCA’s headquarters in Auburn Hills, Michigan, to increase Fiat Chrysler’s
 16 competitiveness against global auto giants, such as Toyota, Volkswagen, and General Motors,
 17 by increasing annual sales to 7 million vehicles by 2018, up from 4.4 million in 2013. Integral
 18 to the strategy was the expansion of the “Jeep portfolio” and updates to the “bread-and-butter
 19 Ram 1500,” including “diesel engines.”

20 47. During this same time frame, emission standards in the United States were
 21 ratcheting up. In contrast to other global automakers, like Toyota and Ford, which were focusing
 22 on developing hybrid and electric cars, Chrysler—now FCA and under the control of Fiat—took
 23 another path: “[r]eflecting its ties with Europe-based Fiat, Chrysler appears to be taking yet
 24 another route that focuses less on electrification and *more heavily on light-duty diesels* and
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1 compressed natural gas.”

2 48. Indeed, as early as July 2010, Chrysler commissioned and presented research to
3 “[i]dentify the trade-offs that consumers make relative to powertrain technologies”—including
4 diesel—and “[i]dentify possible conquest opportunities associated with offering a RAM light-
5 duty Diesel engine.” FCA-MDL-001184465-524. Among other things, the study
6 “recommend[ed] . . . [c]apitalizing on improved fuel economy to increase interest in a Light Duty
7 Diesel engine among L[ight] D[uty] owners.” *Id.*

9 49. In December 2010, Chrysler requested a meeting with Bosch and Fiat to discuss
10 “Chrysler’s main motivation” of “captur[ing] the developing N[orth] A[merican] diesel market.”
11 RBL-MDL2777-PE-300169862-64. Bosch’s notes of the meeting indicate that the projected
12 “profitability status” for SUVs (and other vehicle segments) was “medium to high (+\$300 to
13 +\$800 margin per diesel vehicle).” *Id.* An additional meeting was planned for December 8,
14 2010 with “Chrysler, VM, [and] Bosch” to “discuss further,” and a “Chrysler NA diesel decision
15 meeting with Marchionne” was “scheduled for” December 11, 2010. *Id.*

17 50. In 2012, Marchionne was quoted as saying, “with 2016 ‘just around the corner’
18 and 2025 not far away given the auto industry’s long product-development lead times, ‘there are
19 big choices to be made[.]’” Marchionne explained that “Chrysler, which is starting to share
20 platforms and powertrains with Fiat, wants to leverage the European auto maker’s strengths in
21 *diesels* and CNG-powered vehicles.” As one commentator put it at the time, “[f]uel-efficient
22 towing remains a strong point of diesels, and Marchionne says he still is optimistic about the
23 potential of light-duty diesels in the U.S. despite significant emissions challenges.” This is
24 further reflected in a March 2013 Chrysler research document entitled “Alternative Powertrain”
25 in which the company sought to better understand the “needs, wants, expectations and functional
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1 requirements relative to . . . alternative powertrain technologies such as hybrids, electric, diesel,
2 and compressed natural gas.” FCA-MDL-001239766-774. The research concluded that
3 “consumers want their next vehicle to do everything their current vehicle does, with better fuel
4 economy and no sacrifice in usability,” and further noted that “[l]arge segments (Pickups) with
5 a need to tow and haul show most interest in Alternative fuels/technology for internal combustion
6 engines.”
7

8 51. FCA ultimately decided to push into this market beyond its existing heavy-duty
9 diesel trucks (which use engines from a different supplier, Cummins) and, in 2014, it introduced
10 both the light-duty Ram 1500 “EcoDiesel®” and the Jeep Grand Cherokee “EcoDiesel®.” These
11 are the Fraudulent Vehicles at issue here.
12

13 52. Fiat Chrysler was not alone. Seeing an opportunity for growth in the U.S.
14 market, other major automakers rushed to develop and market “clean diesel” engines.
15 Volkswagen, Mercedes-Benz, General Motors, and other manufacturers also began selling diesel
16 cars and trucks as a more efficient (and thus environmentally-friendly) alternative to gasoline
17 vehicles with no loss of power or performance: the advertised difference was that new emission
18 control technology could make small diesel engines (long regarded by American consumers as
19 fuel efficient but foul-smelling polluters) powerful and clean in addition to fuel-efficient. The
20 marketing worked, and millions of diesel vehicles were sold and leased in the United States
21 between 2007 and 2016.
22

23 53. The green bubble for diesel vehicles first popped on September 18, 2015, when
24 the EPA issued a Notice of Violation of the CAA to Volkswagen and Audi for installing illegal
25 “defeat devices” in 2009–2015 2.0-liter diesel vehicles. A defeat device, as defined by the EPA,
26 is any apparatus or technology that unduly reduces the effectiveness of emission control systems
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under normal driving conditions. The EPA found that the Volkswagen/Audi defeat device allowed the vehicles to pass emission testing while polluting far in excess of emission standards, revealing the new “clean diesel” technology to be illusory. CARB also announced that it had initiated an enforcement investigation of Volkswagen pertaining to the vehicles at issue in the Notice of Violation. On September 22, 2015, Volkswagen admitted that 11 million diesel cars worldwide were installed with the same defeat device software. Volkswagen wasn’t alone—soon after, government agencies began to reveal that other automakers sold dozens of models exceeding allowable emission levels under applicable standards. Nevertheless, the Defendants in this action continued with business as usual, concealing from regulators and consumers their Fraudulent Vehicles’ emissions-related behavior and performance.

DEFENDANTS’ DIRTY “ECODIESEL®” SCHEME

54. Federal and state emission standards are in place to protect Americans from pollution and certain chemicals known to cause disease in humans. Automobile manufacturers must abide by applicable laws and adhere to EPA rules and regulations (and those of CARB in California and 14 other states that have adopted California’s standards). The CAA requires vehicle manufacturers to certify to the EPA that the vehicles sold in the United States meet applicable federal emission standards to control air pollution. Every vehicle sold in the United States must be covered by an EPA-issued COC, and every vehicle sold in the State of California must be covered by a CARB-issued EO.

55. There is a very good reason that these laws and regulations exist and apply to vehicles with diesel engines: in 2012, the World Health Organization declared diesel vehicle emissions to be carcinogenic and about as dangerous as asbestos.

56. Diesel engines pose a unique challenge because they have an inherent trade-off

1 between power, fuel efficiency, and emissions: the greater the power and fuel efficiency, the
2 dirtier and more harmful the emissions. Instead of using a spark plug to combust highly refined
3 fuel with short hydrocarbon chains, as gasoline engines do, diesel engines compress a mist of
4 liquid fuel and air to very high temperatures and pressures, which causes the fuel/air mixture to
5 combust. This causes a more powerful compression of the pistons, which can produce greater
6 engine torque (that is, more power). Diesel engines are able to do this both because they operate
7 at a higher compression ratio than gasoline engines and because diesel fuel contains more energy
8 than gasoline.
9

10 57. But this greater energy and fuel efficiency comes at a cost: diesel produces dirtier
11 and more dangerous emissions. Diesel combustion produces NO_x, a variety of nitrogen and
12 oxygen chemical compounds that only form at high temperatures. NO_x pollution contributes to
13 nitrogen dioxide, particulate matter in the air, and reacts with sunlight in the atmosphere to form
14 ozone. Exposure to these pollutants has been linked with serious health dangers, including
15 asthma attacks and other respiratory illnesses serious enough to send people to the hospital.
16 Ozone and particulate matter exposure have been associated with premature death due to
17 respiratory-related or cardiovascular-related effects. Children, the elderly, and people with
18 respiratory illnesses are at acute risk of health effects from these pollutants.
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21 58. Given the risks, minimizing NO_x is paramount. But removing these pollutants
22 from untreated exhaust is difficult, and diesel automakers have reacted by trying to remove NO_x
23 from the exhaust using catalysts. Modern turbodiesel engines use ceramic diesel filters to trap
24 particulates before they are emitted. Many also use a technology called “selective catalytic
25 reduction” (“SCR”) to reduce NO_x emissions. SCR systems inject a measured amount of urea
26 solution into the exhaust stream, which breaks oxides of nitrogen down into to less noxious
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1 substances before they are emitted. SCR-equipped vehicles must carry an onboard tank of fluid
2 for this purpose, and injection of the fluid is controlled by the same engine control module that
3 manages the fuel-air mixture and other aspects of engine operation.

4 59. FCA's response to this challenge was the EcoDiesel® engine. Emission
5 reductions start in the cylinder with advanced fuel injection strategies. After the byproducts of
6 combustion leave the engine, the EcoDiesel® technology treats these emissions using a diesel
7 oxidation catalyst, diesel particulate filter, and SCR.

8 60. The Fraudulent Vehicles use engine management computers to monitor sensors
9 throughout the vehicle and operate nearly all of the vehicle's systems according to sophisticated
10 programming that can sense and vary factors like steering, combustion, and emissions
11 performance for different driving situations. To manage engine and emission controls, the
12 Fraudulent Vehicles use a Bosch EDC system. Bosch GmbH and Bosch LLC designed, tested,
13 customized, manufactured, and sold these EDC systems, including software code, to Fiat
14 Chrysler (along with other automakers including Volkswagen, Mercedes, and General Motors)
15 for use in the Fraudulent Vehicles.

16 61. The system used in the Fraudulent Vehicles is Bosch's EDC Unit 17 (also called
17 "EDC17"). A February 28, 2006 Bosch press release introduced the "New Bosch EDC17 engine
18 management system" as the "brain of diesel injection" which "controls every parameter that is
19 important for effective, low-emission combustion." The EDC17 offered "[e]ffective control of
20 combustion" and a "[c]oncept tailored for all vehicle classes and markets." In the press release,
21 Bosch touted the EDC17 as follows:

22 **EDC17: Ready for future demands**

23 Because the computing power and functional scope of the new EDC17 can be adapted
24 to match particular requirements, it can be used very flexibly in any vehicle segment on
25 all the world's markets. In addition to controlling the precise timing and quantity of
26

1 injection, exhaust gas recirculation, and manifold pressure regulation, it also offers a
2 large number of options such as the control of particulate filters or systems for reducing
3 nitrogen oxides. The Bosch EDC17 determines the injection parameters for each
4 cylinder, making specific adaptations if necessary. This improves the precision of
injection throughout the vehicle's entire service life. The system therefore makes an
important contribution to observing future exhaust gas emission limits.

5 62. Bosch's EDC Unit 17 controls emissions by periodically reading sensor values,
6 evaluating a control function, and controlling actuators based on the control signal. Sensor
7 readings include crankshaft position, air pressure, air temperature, air mass, fuel temperature, oil
8 temperature, coolant temperature, vehicle speed, exhaust oxygen content, as well as driver inputs
9 such as accelerator pedal position, brake pedal position, cruise control setting, and selected gear.
10 Based on sensor input, EDC17 controls and influences the fuel combustion process including, in
11 particular, fuel injection timing, which affects engine power, fuel consumption, and the
12 composition of the exhaust gas.
13

14 63. As Ram Trucks' Chief Engineer said at the time, "We were fortunate at this point
15 in time that our partners at Fiat owned half of VM Motori, who makes this diesel engine. . . . We
16 combined resources and developed them together."
17

18 64. According to its website, VM Motori is deeply involved in the development and
19 testing of all aspects of the engine: "We take care of the engines and their applications, working
20 together with the Customers to the least detail to ensure a perfect matching between the engine
21 and the machine, supporting our partners from A to Z, from engine-to-machine coupling up to
22 the production."
23

24 65. In fact, VM Motori boasts of its involvement in: "Calibration development to
25 meet specific vehicle/end user requirements, Exhaust after-treatment system development, [and]
26 Environmental trips (hot/cold climate, high altitude, etc.)." VM Motori also notes that its
27 facilities include: "Rolling dyno for vehicle emission measurement [and] engine test benches for
28

1 emission/performance development.”

2 66. The engine originally was developed for use in Europe, where standards for
3 emission of oxides of nitrogen from diesel vehicles are less stringent than in the United States.
4 Rather than make the engine compliant with U.S. emissions standards, FCA opted to cheat on
5 the emission test.

6 67. In January 2013, Bosch LLC announced that its “clean diesel” technology,
7 including the EDC Unit 17, would be featured in the new 2014 Jeep Grand Cherokee 3.0-Liter
8 EcoDiesel®. As part of that announcement, Bosch LLC stated: “The 2014 Jeep Grand
9 Cherokee features a Bosch emission system compliant with the most stringent emission
10 regulations in the world. From fuel tank to tailpipe, Bosch is pleased to equip this vehicle with
11 top technologies to give consumers a great driving experience requiring fewer stops at the
12 pump.” Bosch LLC also announced that the “clean diesel” system for the Jeep Grand Cherokee
13 would be assembled at Bosch’s facility in Kentwood, Michigan.

14 68. In reality, Fiat Chrysler—working with VM Italy and VM America on the design
15 of the EcoDiesel®’s engines and Bosch GmbH and Bosch LLC on the design of the EDC Unit
16 17 - was either unable or unwilling to devise a solution within the constraints of the law. And
17 so, like their rivals at Volkswagen, they devised one outside of it. Instead of cutting their losses
18 on “EcoDiesel,” delaying the production of the Fraudulent Vehicles, or coming clean, Fiat
19 Chrysler worked closely with VM Italy and VM America and Bosch GmbH and Bosch LLC to
20 customize the EDC Unit 17 to allow Fraudulent Vehicles to simulate “passing” the EPA and
21 CARB testing. Unlike during testing, the software disables or restricts certain of the emission
22 controls during real-world driving conditions. When the emission controls are de-activated on
23 the road, the Fraudulent Vehicles emit up to 20 times the legal limits of NOx.
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1 69. These software controls designed and implemented by Bosch GmbH and Bosch
2 LLC were concealed from regulators on COC and EO applications for the Fraudulent Vehicles,
3 thus deceiving the EPA and CARB into approving the Fraudulent Vehicles for sale throughout
4 the United States and California. Of course, consumers, who have no way of discerning that the
5 emission control technology de-activated during real-world driving conditions, were likewise
6 deceived.
7

8 70. Specifically, Bosch GmbH and Bosch LLC worked hand-in-glove with Fiat
9 Chrysler and VM Motori to develop and implement a specific set of software algorithms for
10 implementation in the Fraudulent Vehicles, which enabled FCA to adjust fuel levels, exhaust gas
11 recirculation, air pressure levels, and even urea injection rates. A study recently published by
12 researchers at the University of California, San Diego, and Ruhr-Universität Bochum in
13 Germany revealed technical documents showing that Bosch code was used in a so-called defeat
14 device for a Fiat vehicle. The study described the software as setting one mode for when a
15 vehicle is being tested for emissions, but then allowing tailpipe pollution to spike in real-world
16 driving conditions. The study described Bosch's role in building the electronic control unit
17 ("ECU") hardware and developing the software running on the ECU and found there was "no
18 evidence that automobile manufacturers write any of the code running on the ECU." To the
19 contrary: "All code we analyzed in this work was documented in documents copyrighted by
20 Bosch and identified automakers as the intended customers." The study concluded: "We find
21 strong evidence that both defeat devices were created by Bosch and then enabled by Volkswagen
22 and Fiat for their respective vehicles."
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26 71. For context, when carmakers test their vehicles against EPA emission standards,
27 they place their cars on dynamometers (essentially large treadmills or "rollers") and then perform
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1 a series of specific maneuvers prescribed by federal regulations to simulate driving and test
2 emissions in a controlled environment. Bosch's EDC Unit 17 gave Fiat Chrysler the ability to
3 detect test scenarios by monitoring vehicle speed, acceleration, engine operation, air pressure,
4 and even the position of the steering wheel. For example, given that the steering wheel cannot
5 be turned on a dynamometer, Bosch programmed a sensor which detected whether or not the
6 steering wheel turned. When the EDC Unit 17's detection algorithm detected an emission test
7 was complete, the EDC Unit 17 could de-activate or reduce the emission control systems'
8 performance, causing the Fraudulent Vehicle to spew illegal amounts of NOx emissions when
9 out on the road.
10

11 72. This workaround was illegal. The CAA expressly prohibits defeat devices,
12 defined as any auxiliary emission control device "that reduces the effectiveness of the emission
13 control system under conditions which may reasonably be expected to be encountered in normal
14 vehicle operation and use." 40 C.F.R. § 86.1803-01; *see also Id.* § 86.1809-10 ("No new light-
15 duty vehicle, light-duty truck, medium-duty passenger vehicle, or complete heavy-duty vehicle
16 shall be equipped with a defeat device."). Moreover, the CAA prohibits the sale of components
17 used as defeat devices, "where the person knows or should know that such part or component is
18 being offered for sale or installed for such use or put to such use." 42 U.S.C. § 7522(a)(3).
19 Finally, in order to obtain a COC, automakers must submit an application, which lists all auxiliary
20 emission control devices installed in the vehicle, a justification for each, and an explanation of
21 why the control device is not a defeat device.
22

23 73. As the EPA has now alleged against Fiat, FCA, VM Italy, and VM America,
24 Defendants did not disclose, and affirmatively concealed, the presence of performance-altering
25 software code developed with Bosch GmbH and Bosch LLC from government regulators. In
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1 other words, FCA lied to the government, its customers, its dealers, and the public at large.

2 74. Because FCA lied on the COC and EO applications, these COCs and EOs were
3 fraudulently obtained. And because the Fraudulent Vehicles did not conform “in all material
4 respects” to the specifications provided in the COC and EO applications, the Fraudulent Vehicles
5 were never covered by a valid COC or EO, and thus were *never* legal for sale—nor were they
6 EPA and/or CARB compliant, as represented. With the complicity of Bosch and VM Motori,
7 Fiat Chrysler hid these facts from the EPA, CARB, and other regulators, from FCA dealers and
8 consumers, and FCA continued to sell and lease the Fraudulent Vehicles to the driving public,
9 despite their illegality.
10

11 75. Fiat Chrysler’s illegal workaround was enabled by a close partnership with
12 Bosch, which enjoyed a sizable portion of its annual revenue from manufacturing parts used in
13 the Fraudulent Vehicles and other “clean” diesel vehicles. Bosch GmbH and Bosch LLC were
14 aware that Fiat Chrysler used its emission control technology as a concealed auxiliary (or defeat)
15 device and, in act, worked together with Fiat Chrysler and VM Motori to develop and implement
16 software algorithms specifically tailored to allow the Fraudulent Vehicles to evade detection.
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19 76. Bosch GmbH and Bosch LLC worked closely with Fiat Chrysler and VM Motori
20 to create specifications and software code for each Fraudulent Vehicle model. Indeed,
21 customizing a road-ready ECU is an intensive three- to five-year endeavor involving a full-time
22 Bosch presence at an automaker’s facility. VM Italy and VM America likewise worked closely
23 with Bosch GmbH, Bosch LLC, and Fiat Chrysler in designing, installing, and calibrating the
24 engines for the Fraudulent Vehicles.
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26 77. All Bosch EDCs, including the EDC17, run on complex, highly proprietary
27 engine management software over which Bosch exerts near-total control. In fact, the software
28

1 is typically locked to prevent customers, like Fiat Chrysler, from making significant changes on
2 their own. Accordingly, both the design and implementation are interactive processes, requiring
3 Bosch's close collaboration with the automaker from beginning to end.

4 78. Bosch GmbH and Bosch LLC's security measures further confirm that its
5 customers cannot make significant changes to Bosch software without their involvement. Bosch
6 boasts that its security modules protect vehicle systems against unauthorized access in every
7 operating phase, meaning that no alteration could have been made without either a breach of that
8 security—and no such claims have been advanced—or Bosch's knowing participation.
9

10 79. Unsurprisingly, then, at least one car company engineer has confirmed that
11 Bosch maintains absolute control over its software as part of its regular business practices:
12

13 I've had many arguments with Bosch, and they certainly own the
14 dataset software and let their customers tune the curves. Before each
dataset is released it goes back to Bosch for its own validation.

15 Bosch is involved in all the development we ever do. They insist on being present at all our
16 physical tests and they log all their own data, so someone somewhere at Bosch will have known
17 what was going on. All software routines have to go through the software verification of Bosch,
18 and they have hundreds of milestones of verification, that's the structure
19

20 The car company is *never* entitled by Bosch to do something on their own.

21 80. Defendants' work on the EDC17 reflected a highly unusual degree of
22 coordination among them. As they did with Volkswagen, the units required the work of
23 numerous Bosch coders for a period of more than ten years. Although Bosch publicly introduced
24 the EDC17 in 2006, it had started to develop the engine management system years before.
25

26 81. Bosch was concerned about getting caught in the scheme to enable diesel
27 emissions cheating. As reported in the German newspaper, *Bild am Sonntag*, and a French
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1 publication, a Volkswagen internal inquiry found that in 2007, Bosch warned Volkswagen by
2 letter that using the emission-altering software in production vehicles would constitute an
3 “offense.” Yet, Bosch concealed the software, and its emission control functions, in various
4 “clean” diesel vehicles, including the Fraudulent Vehicles, from U.S. regulators and consumers.

5 82. Bosch LLC worked closely with Bosch GmbH and diesel automakers both in
6 the United States and in Germany, to ensure that the “clean” diesels, like the Fraudulent Vehicles,
7 passed emission testing. Bosch LLC employees frequently communicated with regulators in the
8 United States and actively worked to ensure that diesel vehicles were approved for sale in the
9 United States. For example, we now know that employees of Bosch LLC and Bosch GmbH
10 provided specific information to regulators in the United States about how Volkswagen’s
11 vehicles functioned and unambiguously stated that the vehicles met emission standards. Bosch
12 LLC regularly communicated to its colleagues and clients in Germany about ways to deflect and
13 diffuse questions from regulators in the United States about those vehicles. On information and
14 belief, Bosch LLC also assisted in concealing the true nature of the emission control technology
15 from regulators in the United States with respect to the Fraudulent Vehicles at issue here.

16 83. Bosch not only kept the dirty secret safe, it went a step further and actively
17 lobbied lawmakers to push “clean diesel” in the United States. As early as 2004, Bosch
18 announced a push to convince U.S. automakers that its diesel technology could meet tougher
19 2007 emission standards in the United States. Bosch engaged in a multi-year, multi-million dollar
20 effort involving key players from Bosch in both Germany and the United States. In its efforts
21 to promote “clean diesel” technology in the United States, Bosch GmbH acted on behalf of its
22 global group of affiliated companies, including Bosch LLC.

23 84. Bosch’s promotion of diesel technology specifically targeted the United States.
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1 For example, Bosch put on “Diesel Days in California” and “SAE World Congress in Detroit.”
2 In 2008, Bosch LLC co-sponsored the “Future Motion Made in Germany-Second Symposium
3 on Modern Drive Technologies” at the German Embassy in Washington, D.C., with the aim of
4 providing a venue for “stakeholders to gain insight into the latest technology trends, and to
5 engage in a vital dialogue with industry leaders and policymakers.”
6

7 85. Bosch LLC hosted multi-day conferences open to regulators and legislators and
8 held private meetings with regulators, in which it proclaimed extensive knowledge of the “clean”
9 diesel technology, including the calibrations necessary for the vehicles to comply with emission
10 regulations.
11

12 86. In April 2009, for example, Bosch organized and hosted a two-day “California
13 Diesel Days” event in Sacramento, California. Bosch invited a roster of lawmakers, journalists,
14 executives, regulators, and non-governmental organizations with the aim of changing
15 perceptions of diesel from “dirty” to “clean.” The event featured “clean diesel” vehicles as
16 ambassadors of “clean diesel” technology. The stated goals were to “build support for light-duty
17 diesel as a viable solution for achieving California’s petroleum and emission reduction
18 objectives.”
19

20 87. Bosch also joined in events promoting the Fraudulent Vehicles. At one such
21 event hosted by Ram, Jeep and Bosch in Traverse City, Michigan, Bosch made a number of
22 statements regarding the 3.0-liter EcoDiesel V6’s performance. It stated that the “Bosch
23 emissions control system helps ensure that virtually no particulates and minimal oxides of
24 nitrogen (NOx) exit the tailpipe” and that a Jeep Grand Cherokee or Ram 1500 diesel’s engine
25 provides a fuel economy that is “30% better than a comparable gasoline engine.”
26

27 88. In 2009, Bosch also became a founding member of the U.S. Coalition for
28

Advanced Diesel Cars. One of this advocacy group's purposes included "promoting the energy efficiency and environmental benefits of advanced clean diesel technology for passenger vehicles in the U.S. marketplace." This group lobbies Congress, U.S. regulators, and CARB in connection with rules affecting "clean diesel" technology.

FCA'S MISLEADING MARKETING

A. Fiat Chrysler Identifies and Combats the "Dirty Diesel" Stigma.

89. As described above, Fiat Chrysler, VM Motori, and Bosch began investigating strategies to develop and market diesel vehicles in the North American market in at least July 2010. FCA-MDL-001184465. As early as February 2012, Chrysler had already commissioned and presented research to understand how to market the diesel vehicles to consumers. FCA-MDL-001182796-821.

90. This research confirmed that the Defendants had a significant obstacle to overcome: consumers associated diesel engines with old technology and, more importantly, with "negative images of smog and dirt."

91. This "dirty diesel" stigma was considerable. During Fiat Chrysler's 2012 focus group addressing "diesel perceptions," one consumer noted "[I] can't stand diesel"; another felt "[diesel] has an image problem"; another explained that "when somebody says diesel, I just think of that black smoke"; to another, diesel evoked image of "smoke, exhaust"; another associated diesel with "old images of a truck letting off all of these emissions"; and, summing it up, one focus group participant noted "you just think dirty when you think diesel." FCA-MDL-001422127.

92. Unsurprisingly, then, Fiat Chrysler worked hard to rebut the dirty diesel stigma in communications directly with consumers and in training materials for dealers (to help the

1 dealers persuade consumers to purchase the Fraudulent Vehicles). In a Jeep EcoDiesel “Product
2 Brief,” for example, Fiat Chrysler noted “[b]uyers can be resistant to consider a diesel purchase
3 due to several perceptions that are no longer true” including that “diesels are filthy . . . [and] too
4 loud and smelly.” FCA-MDL-000517246-53. The brief combats these perceptions by stating
5 that “diesel engines are surprisingly responsible in view of ecological concerns.” *Id.* It also
6 includes a “key messages” for prospective consumers including: “Diesel engines offer clean
7 operation with typically 25% less emissions than a gasoline engine.” *Id.* It also notes that the
8 “3.0L EcoDiesel V6 uses Selective Catalyst Reduction (SCR) with DEF to help minimize
9 exhaust emissions” and uses “NOx modules and sensors . . . to help control tailpipe emissions.”
10 *Id.*

11
12
13 93. Similarly, a Ram 1500 “Targeted In-Dealership Training” guide notes that the
14 two “most common misconceptions about diesel engines” are that “Diesels are noisy” and
15 “Diesels are dirty.” FCA-MDL-000517194-203. As to the latter, the guide instructs dealers that
16 the “Diesel Exhaust Fluid (DEF) and Selective Catalyst Reduction lower the exhaust emissions
17 of diesel engines.” *Id.* It later explains that DEF “reduce[s] nitrous oxides coming out of the
18 tailpipe” and “helps to create non-harmful emissions.” *Id.* (emphasis in original). The guide
19 then states that “[o]ur EcoDiesel runs extremely clean for a truck powerplant.” *Id.*

20
21 94. In a “news” document, again presumably targeting Ram and Jeep dealers, Fiat
22 Chrysler explained that “[w]hen pitching the EcoDiesel, it may help you to keep in mind a few
23 advantages to driving a diesel engine.” FCA-MDL-000518525. One advantage was that
24 “Diesels Are Getting Greener.” *Id.* The document then explained that “[i]n the past, diesels were
25 seen as polluters – a hindrance to environmentally conscious customers. Today’s diesels,
26 however, run cleaner than they ever have before. For its part, the ecologically responsible
27
28

1 EcoDiesel V6 is the cleanest light-duty engine available.” *Id.*

2 **B. The EcoDiesel Name and Badge Communicate Environmental Friendliness and Fuel**
 3 **Efficiency.**

4 95. Fiat Chrysler also understood that a key component of overcoming the diesel
 5 stigma, and of marketing the Fraudulent Vehicles’ purported environmental friendliness and fuel
 6 economy, was the naming and labeling of the diesel technology. As noted above, Fiat Chrysler
 7 conducted research in February 2012 to address this very issue. FCA-MDL-001182796-821.
 8 That research concluded that the “[b]est names [for Fiat Chrysler’s diesel engine] highlight
 9 ‘green’ theme.” *Id.* It further concluded that “[f]uel efficiency and environmental friendliness
 10 are important; names connected with these will be most well-received.” *Id.* (emphasis added).

12 96. The highest-ranked name, in terms of both appeal and preference, was “Eco-
 13 Diesel.” The research explained that “‘Eco’ encompasses green, efficient, and economic . . . and
 14 is strongly associated with being environmentally friendly.” Similarly, the research concluded
 15 that the EcoDiesel “[n]ame [i]mplies a variety of positive meanings – green, efficient, economic,
 16 etc.” Unsurprisingly, the “imagery” most associated with the name “EcoDiesel” was
 17 “Environmentally-Friendly” and “Fuel Efficient.” *Id.*

19 97. Although other potential names (*e.g.*, “Clean Diesel” and “Enviro Diesel”) had
 20 slightly higher associations with environmental friendliness, “EcoDiesel” communicated the
 21 combination of “green” credentials and fuel economy the best. Fiat Chrysler had found its
 22 winner.
 23

24 98. Fiat Chrysler adopted and trademarked the “EcoDiesel” name and used it in
 25 virtually every advertisement for the Fraudulent Vehicles. It also branded every single
 26 Fraudulent Vehicle with an EcoDiesel badge.
 27

28 99. This badging was extremely important to Fiat Chrysler. Jim Morrison, then the

1 head of Jeep Brand Product marketing, gave a presentation some 20-30 times in which he
2 explained that “consumers are immediately receptive to the EcoDiesel badging/logo” and
3 “suggest that ‘Eco-diesel badging can initially change the impression of diesel vehicles.” FCA-
4 MDL-001166458-533; Morrison Dep. Tr. 131:5-6. As the notes below the slide confirm,
5 “[c]onsumers further believe that the word ‘Eco- Diesel’ can change the perception of a diesel
6 engine to something denoting ecologically conscious and economical to own and operate.” *Id.*

7
8 100. Mr. Morrison also confirmed the meaning and importance of the EcoDiesel name
9 and badge in a sworn declaration he submitted in connection with a trademark dispute. There,
10 he declared that “Chrysler decided to combine the terms ‘Eco,’ ‘Diesel,’ and ‘3.0L’ . . . to refer
11 to the engine because the engine is an economical, fuel-efficient, more environmentally friendly
12 3.0 liter diesel engine.” *Unitek Solvent Services, Inc. v. Chrysler Group, LLC*, No. 1:12-cv-
13 00794, Dkt. 86-35 at ¶ 8 (June 4, 2013). He further explained that “Chrysler [also] based its
14 decision to use the descriptive terms ‘eco’ and ‘ecodiesel’ on the fact that numerous third parties
15 in a variety of industries use the term ‘eco’ to describe ecologically or environmentally friendly
16 products or services that have been developed to reduce carbon emission, energy consumption,
17 or otherwise preserve the environment.” *Id.* at ¶ 10.

18
19
20 101. Many additional documents confirm that Fiat Chrysler intended the name
21 “EcoDiesel” and the EcoDiesel badge to convey both environmental friendliness and fuel
22 economy. A September 2013 press release, for example, included a heading entitled “Putting the
23 ‘Eco’ in EcoDiesel” under which it claimed that “[t]he new EcoDiesel V6 achieves 50-state
24 emissions compliance for both tier II and BIN 5.” FCA-MDL-000519022-24. In other words,
25 the “Eco” in EcoDiesel means not just environmental friendliness, generally, but also emissions
26 compliance, specifically.
27
28

1 102. A later Ram press release entitled “Ram has ‘turned up the ECO’ on fullsize
2 truck MPGs . . . to 29” further demonstrates that the “Eco” in EcoDiesel also refers to fuel
3 economy. FCA-MDL-001344885-86; FCA-MDL-001401873.

4 103. Again, the EcoDiesel badge was placed prominently on every single Fraudulent
5 Vehicle, and the word “EcoDiesel” was used in virtually every consumer-facing communication.
6 That word and badge represented to consumers and Plaintiffs that the Fraudulent Vehicles were
7 environmentally friendly and fuel efficient. Both representations, it turns out, were based on a
8 lie: the Fraudulent Vehicles were not, in fact, environmentally friendly, and could achieve their
9 fuel economy only through concealed emissions apparatuses that caused the vehicles to pollute
10 excessively in real-world driving conditions. Each Plaintiff saw and relied on the “EcoDiesel”
11 badge and acquired a Fraudulent Vehicle based on the representation that it was an “Ecodiesel”
12 vehicle (*i.e.* reduced emissions and fuel efficient).
13
14

15 **C. FCA Misrepresents the Fraudulent Vehicles to Consumers in a Consistent and**
16 **Pervasive Marketing Campaign.**

17 104. Fiat Chrysler’s misleading representations about the Fraudulent Vehicles—
18 including their purported “green” credentials, superior fuel economy, and other performance
19 characteristics - were not limited to EcoDiesel badge. Indeed, FCA engaged in a full court press
20 to market the Fraudulent Vehicles, and to communicate to consumers the purported benefits of
21 the EcoDiesel engine. These communication efforts included, among other things: (1) press
22 releases aimed at generating positive news articles about the EcoDiesel attributes; (2)
23 comprehensive dealer training materials that taught dealers how to sell the Fraudulent Vehicles
24 with false and misleading misrepresentations; (3) vehicle brochures disseminated at dealerships
25 and elsewhere; information and interactive features on FCA’s websites and blogs; and (4) print
26 and television marketing.
27
28

1 **1. Press Releases and Media Communications**

2 105. As early as 2013, FCA began issuing press releases that were sent directly to
3 consumers and were also intended to generate consumer-facing articles and reviews about the
4 EcoDiesel engine. There are many such examples. A representative sampling includes:

- 5 a. A January 2013 press release announcing a “new, clean, 3.0-liter EcoDiesel V-6
6 engine” in the Jeep Grand Cherokee. The release touts the “30 mpg highway
7 with driving range of more than 730 miles,” and the “class-leading 240
8 horsepower and massive 420lb.-ft of torque.” Notably, it also states that the
9 “Selective Catalytic Reduction (SCR) help[s] the new engine” be “clean” and
10 “50-state legal.” FCA-MDL-001134988-90.
- 11 b. An October 2013 press release notifying the media that the “[n]ew 2014 Jeep
12 Grand Cherokee EcoDiesel wins ‘Green’ category” of the 2014 Active Lifestyle
13 Vehicle Awards. The release claims the Jeep EcoDiesel includes “clean-diesel
14 technology” and delivers “best-in-class fuel economy and driving range.” FCA-
15 MDL-000519206-07.
- 16 c. A February 2014 press release proclaiming that the “2014 Ram 1500 EcoDiesel
17 sets new fuel-economy benchmark of 28 MPG.” The release repeatedly touts the
18 EcoDiesel’s fuel economy and claims that its SCR and EGR systems—both of
19 which were compromised by the AECDs described herein—“contribute to 50-
20 state compliance with Tier2/Bin 5 emissions regulations.” FCA-MDL-
21 001142520-21.
- 22 d. A November 2014 press release announcing that the “Ram 1500 EcoDiesel [was]
23 named 2015 Green Truck of the Year by Green Car Journal.” The release states
24 that the “Ram 1500 delivers an outstanding combination of best-in-class fuel
25 efficiency, unsurpassed torque and a surplus of towing capacity.” It also quotes
26 the editor of Green Car Journal who noted that “[t]he Ram 1500 EcoDiesel
27 exemplifies what a ‘green’ truck should be.” FCA-MDL-000519290-01.
- 28 e. A January 2015 press release announcing that the “Jeep Grand Cherokee
EcoDiesel [was] named 2015 Green SUV of the Year by Green Car Journal.”
The release again boasts the EcoDiesel’s “best-in-class” fuel economy,
“untouched” range, “class-leading” horsepower, “massive” torque, and its
“clean-diesel technology.” FCA-MDL-001377187-88.
- f. A November 2016 press release boasting “best-in-class fuel economy and longest
range with exclusive EcoDiesel – 29 mpg and 754 miles with Ram 1500.” FCA-
MDL-001185732-34.

106. Notably, Marchionne himself was asked to approve, and did approve, a draft

1 press release from February 2013 announcing that “Ram [was the] first to build light-duty diesel
2 pickup.” The release promoted an “outstanding combination of best-in-class fuel efficiency,
3 best-in-class torque and impressive capability.” It also stated that the “EcoDiesel . . . emissions
4 are 60 percent less than those produced by diesel powertrains 25 years ago.” FCA-MDL-
5 001367858-59.

6
7 107. In some instances, these press releases were sent directly to consumers in “hand
8 raiser” communications, as evidenced by a 2014 email to a prospective customer. That email
9 “thanks [the prospective customer] for asking about the 2014 Ram 1500 EcoDiesel,”—which it
10 says is “capable, efficient, and easy on the environment”—and links to a Ram “press release for
11 more information.” FCA-MDL-001180641.

12
13 108. Even when not sent directly to consumers, all the press releases—and the
14 consistent representations about environmental friendliness, fuel economy, and performance
15 contained in them—were intended to, and did in fact, result in significant buzz and media
16 attention for the EcoDiesel vehicles, to which Plaintiffs were exposed. The representations that
17 resulted were false (because the vehicles contained concealed components that compromised the
18 emissions control systems in real-world driving conditions) and deceptive (because the vehicles
19 could not perform as represented without the concealed emission control components).

21 **2. Dealer Training Materials**

22
23 109. As noted above, FCA disseminated to its dealers comprehensive training
24 materials to help them communicate the EcoDiesel attributes to consumers, and ultimately, to
25 sell more Fraudulent Vehicles. Those materials consistently emphasized the (supposed)
26 environmental friendliness, fuel efficiency, and power of the EcoDiesel engine, among other
27 attributes.
28

1 110. Ram, for example, held a “targeted in-dealership training” through its dealer-
2 focused “Chrysler Academy” and disseminated an accompanying “participant reference guide.”
3 The document explains that the training is “focuse[d] on features of Ram 1500 and will help you
4 sell down your 2014 model year vehicles while it also helps you prepare for the 2015s.” This
5 training document includes an entire section on EcoDiesel, and as discussed above, it addresses
6 the “common misconception” that “[d]iesels are dirty” and instructs that “Diesel Exhaust Fluid
7 (DEF) and Selective Catalyst Reduction lower the exhaust emissions of diesel engines.” Then,
8 answering the question “How clean is the 3.0L EcoDiesel V6?” the guide explains that “[o]ur
9 EcoDiesel runs extremely clean.” It also states that the engine “[c]omplies with all diesel-related
10 emissions standards,” and notes that selling points of the diesel include its “Fuel efficiency,”
11 “Power (Torque),” and “Quality, Reliability and Durability (QRD).” Finally, the guide includes
12 an “in the media section” highlighting positive reviews and articles. FCA-MDL-000517194-
13 245.

14
15
16 111. Jeep held a similar Chrysler Academy event for dealers and also disseminated an
17 accompanying “product reference guide” with eight pages devoted exclusively to the EcoDiesel
18 engine. FCA-MDL-000518573-620. As with the Ram guide, the Jeep guide addresses the dirty
19 diesel stigma, and offers selling points to rebut it. The guide explains that the EcoDiesel engine
20 exhibits “confident power, surprisingly clean operation” and claims that “it is going to convert a
21 host of new customers to the impressive benefits of pulse-quicken acceleration and efficient
22 and ecological clean diesel operation.” It highlights the “clean operation and effective emissions
23 control,” specifically noting that the SCR and EGR systems combine to mitigate NOx and
24 produce “clean diesel operation.” Finally it includes a “Key messages” section emphasizing the
25 importance of fuel efficiency, “clean operation,” and “torque.” These themes are echoed almost
26
27
28

1 verbatim in another, 13-page Chrysler Academy “Product Brief” focused exclusively on the
2 EcoDiesel engine. FCA-MDL-001183753-65. The product brief includes almost identical “key
3 messages for your prospects,” and notes that the engine is “surprisingly responsible in view of
4 ecological concerns.”

5 112. Yet another Chrysler Academy “Web Launch” training session explains that its
6 purpose was “to help participants” better understand the vehicles and, critically, to “[u]nderstand
7 elements for effective presentations to shoppers.” It includes similar language about fuel
8 economy, power, and environmental friendliness. It also explains that “for buyers who respect
9 the environment, they should know this is a very clean diesel . . . very green without question.”
10 FCA-MDL-001183766-901.
11

12 113. These are but a few examples that highlight the comprehensive training that FCA
13 provided for its dealers. The objective of these trainings was to arm the dealers with selling
14 points that they could relay to consumers—and they did just that. For the Fraudulent Vehicles,
15 the consistent selling point was the no-compromise combination of fuel efficiency,
16 environmental friendliness, and power. This selling point was false (because the vehicles
17 contained concealed components that compromised the emissions control systems in real-world
18 driving conditions) and deceptive (because the vehicles could not perform as represented without
19 the concealed emission control components).
20
21

22 **3. Vehicle Brochures**

23 114. FCA also communicated directly with consumers through its vehicle brochures,
24 available both online and at the dealerships. These brochures are chock full of representations
25 about the EcoDiesel engine’s fuel economy, environmental friendliness, and power.
26

27 115. The brochure for the 2014 Jeep Grand Cherokee, for example, devotes an entire
28

1 page to the EcoDiesel engine. That page depicts the EcoDiesel badge and also an image of the
2 engine with a green leaf on top. It states that the engine achieves “best-in class: 30 MPG fuel
3 economy[,] 730-mile driving range[,] 420 lb-ft of torque[, and] 7400-lb maximum towing.” It
4 further claims that “its reduced CO2 emissions display reverence for the environment” and even
5 goes so far as to state that “[p]roudly, the EcoDiesel meets and even exceeds the low emissions
6 requirements in all 50 states.”
7

8 116. The 2015 brochure makes similar claims. It again features the EcoDiesel badge
9 and environmental imagery. And it again boasts “best-in-class . . . 30 hwy mpg fuel economy”
10 and “a driving range of 730 highway miles.” It also states that the vehicles are “clean” and 50-
11 state compliant, and even opens with this environmentally-focused introduction: “Love the
12 planet along with great fuel economy? Then the Jeep Brand’s Diesel engine will ring true. It
13 lets you adhere to your principles and get extra points for embracing innovative technology.”
14

15 117. The 2016 brochure also features the EcoDiesel badge, and touts best-in-class
16 fuel economy, range, horsepower, and torque. And it too states that “[t]he EcoDiesel exceeds
17 the low- emissions requirements in all 50-states”:
18

19 118. The Ram 1500 brochures make similar claims. Like the Jeep Brochures, the
20 2014 Ram 1500 brochure devotes an entire page to the EcoDiesel engine, depicts the EcoDiesel
21 badge, and repeatedly touts the truck’s “best-in-class” fuel economy and “impressive” range. It
22 also boasts that the truck is “clean by nature” with “minimal CO2 levels” and a “[t]op-notch DEF
23 system.”
24

25 119. The 2015 brochure also advertises “top-tier mpg ratings,” “superb driving range
26 and best-in-class 28 mpg highway,” and claims the truck is “clean by nature” with “minimal CO2
27 levels” and a “zero-hassle DEF system.”
28

1 120. The 2016 brochure again boasts “best-in-class 29 mpg highway fuel economy,”
2 “up to 754-mile range,” “240 horsepower,” “420 lb-ft of torque,” “minimal CO2 levels” and a
3 “zero-hassle DEF system.”

4 121. The brochures are tied together by common themes and sometimes identical
5 language. The key representations made throughout were that the Fraudulent Vehicles delivered
6 a no-compromise combination of fuel efficiency, environmental friendliness, and performance.
7 Those representations were false (because the vehicles contained concealed components that
8 compromised the emissions control systems in real-world driving conditions) and deceptive
9 (because the vehicles could not perform as represented without the concealed emission control
10 components).
11

12 **4. FCA Websites**

13 122. FCA hosted a number of blogs and websites that promoted the EcoDiesel
14 technology, including the official Ram and Jeep websites, which many named Plaintiffs visited
15 before making their purchase/lease decisions. Both company sites reiterated FCA’s consistent
16 messaging for the Fraudulent Vehicles - *i.e.*, that they were clean, fuel efficient, and high
17 performing.
18

19 123. A February 9, 2014, capture of the Jeep website, for example, includes a diesel
20 tab, under which it displays the EcoDiesel badge and tells viewers to “[f]orget everything you
21 thought you knew about diesel. The all-new jeep EcoDiesel engine offers innovative technology
22 that is efficient, increases range, and improves power – all while leaving little trace of being
23 there.”
24

25 124. The Jeep website also includes separate pages featuring its supposed “Best-in-
26 Class maximum towing capacity,” “incredible 730-mile highway driving range,” and “superior
27
28

1 fuel economy.” As to fuel economy, the website also includes (and has included since at least
2 2014) a “savings calculator” that allows consumers to enter their miles driven per day and then
3 calculates their annual fuel savings using “Clean Diesel.”

4 125. Ram’s website made similar representations, touting the fuel economy,
5 horsepower, torque, and towing capacity of the EcoDiesel engine, and claiming that it was
6 “[e]quipped with a diesel oxidation catalyst, diesel particulate filter and selective catalyst
7 reduction so it is emissions-compliant in all 50-states.”

9 126. Like Jeep, Ram also included a fuel savings calculator, as well as graphics
10 comparing the best-in-class fuel economy to the competition.

11 127. FCA made many similar representations throughout the many websites it
12 operated, including but not limited to the following:

- 14 a. The EcoDiesel engine is designed for those “who want to drive an efficient,
15 environmentally friendly truck without sacrificing capability or performance.”
- 16 b. The Ram 1500 EcoDiesel is “the NAFTA market’s first and only light-duty
17 pickup powered by clean diesel technology.”
- 18 c. “Thanks to advanced emissions-control technology . . . [EcoDiesel’s] exhaust is
19 ultra-clean, making this engine available in all 50 states.”
- 20 d. “Equipped with a diesel oxidation catalyst, diesel particulate filter and selective
21 catalyst reduction, the EcoDiesel® V6 engine will be emissions- compliant in all
22 50 states.”
- 23 e. “Chrysler Group engineers adapted the engine—manufactured by Fiat- owned
24 V.M. Motori—to meet the NAFTA region’s stringent emissions and on-board
25 diagnostic regulations. The new EcoDiesel® V-6 is Tier 2/Bin 5 compliant.”
- 26 f. The emissions on the EcoDiesel® engine data sheet meet Tier2 Bin5
27 requirements.
- 28 g. “[T]he Bosch emissions control system helps ensure that virtually no particulates
and minimal oxides of nitrogen (NOx) exit the tailpipe.”

128. Many Plaintiffs visited FCA’s websites to learn about the Fraudulent Vehicles.

1 On those websites, as in all the other ways FCA communicated to consumers, FCA's message
2 was clear and consistent: the EcoDiesel engine delivers a no-compromise package of fuel
3 economy, range, performance, and environmental-friendliness. Those representations were false
4 (because the vehicles contained concealed components that compromised the emissions control
5 systems in real-world driving conditions) and deceptive (because the vehicles could not perform
6 as represented without the concealed emission control components).

8 **5. Print Media and Television**

9 129. FCA reiterated its consistent representations—particularly the fuel economy
10 representations—through print media and television commercials.

11 130. The print ad campaign was robust. One FCA-produced document identifies over
12 250 Ram print ad buys in several dozen publications from June 2014 to October 2016. FCA-
13 MDL-000519349. Another document shows expenditures of almost \$300,000 to place Jeep
14 EcoDiesel print ads in a variety of magazines in June through August 2013. FCA-MDL-
15 001360559. Yet another document identifies additional ad buys for 14 newspapers across the
16 country. FCA-MDL-000519351. And Plaintiffs' own investigation has revealed even more
17 print ad placements in additional publications.

18 131. Critically, virtually all of the print ads for the Fraudulent Vehicles contain the
19 same or similar relevant representations, including: (1) the word "EcoDiesel" and/or the
20 EcoDiesel badge, and (2) fuel economy claims such as specific MPG ratings, "most fuel
21 efficient," and "best-in- class" fuel economy.

22 132. The television commercial campaign was also extensive, and also conveyed
23 consistent messages. One FCA document shows 17,595 discrete commercial buys between
24 January 2014 and September 2016, including during prominent and widely-viewed programing.

1 FCA-MDL-000519350.

2 133. Some examples of the relevant commercials (a portion of which are not included
3 in the chart described above) include:

- 4 a. A commercial entitled “West” that prominently features the EcoDiesel badge,
5 and promotes the Ram 1500 EcoDiesel’s “28 highway MPG” and “9,200 lbs
6 towing.” FCA-MDL-000512961.
- 7 b. A commercial entitled “Roar” that prominently features the EcoDiesel badge, and
8 promotes the Ram 1500 EcoDiesel’s “28 highway MPG” and “420 lb-ft torque.”
FCA-MDL-000512962.
- 9 c. A commercial entitled “Runaway” that prominently features the EcoDiesel badge
10 and promotes the Jeep Grand Cherokee EcoDiesel’s “best-in-class 30 MPG hwy”
11 and “730-mile driving range.” FCA-MDL-000518756. Per the commercial buy
12 document described above, this commercial ran approximately 1,000 times in
January 2014.
- 13 d. A commercial entitled “Take Every Mile” that features the EcoDiesel badge and
14 promotes the Jeep Grand Cherokee EcoDiesel’s “730-mile driving range.” FCA-
MDL-000518759. Per the commercial buy document described above, this
15 commercial ran approximately 400 times in two weeks in February 2016.
- 16 e. A commercial entitled “The Truth About Diesel” that “bust[s] some myths about
17 diesel engines,” including that “all SUVs get bad gas mileage, diesel engines are
18 dirty, and they run sluggish.” All three myths were “totally busted,” and the video
specifically boasts the Jeep Grand Cherokee EcoDiesel’s “30 MPG and a 730-
19 mile driving range.” It also depicts a man “check[ing] the data” on the emissions
from the tailpipe and remarking “Wow, the greenhouse gas emissions are lower
20 than a regular gasoline engine.” FCA-MDL-001418576.

21 134. Like the rest of Fiat Chrysler’s consumer communications, these commercials
22 represented that the Fraudulent Vehicles were green (both through explicit representations and
23 depictions of the EcoDiesel name and badge) and fuel efficient. These representations were
24 pervasive and consistent. They were also false (because the vehicles contained concealed
25 components that compromised the emissions control systems in real-world driving conditions)
26 and deceptive (because the vehicles could not perform as represented without the concealed
27 emission control components).
28

1 135. The Defendants saw the EcoDiesel technology as a huge opportunity to increase
2 their sales and profits. They understood that to realize this goal, they would have to overcome
3 the “dirty diesel” stigma, and convince consumers that the Fraudulent Vehicles offered a no-
4 compromise package of fuel efficiency, environmental friendliness, and power. Fiat Chrysler’s
5 efforts to communicate this message to consumers were far reaching and consistent. They were
6 also false and deceptive.

7
8 136. Defendants had multiple opportunities, and obligations, throughout their
9 marketing communications to disclose the uniform truth about the Fraudulent Vehicles—
10 namely, that all their emissions, fuel economy, and performance claims were predicated on
11 concealed emissions control components and software that caused the Fraudulent Vehicles to
12 pollute excessively in real- world driving conditions. This uniform omission and unvarying
13 concealment prevented any and all consumers from making a purchase based on all material
14 facts.

15
16 **D. The Defendants Knew These Representations Were False and Misleading.**

17
18 137. Unfortunately, the EcoDiesel technology did not work as represented. In
19 developing the Fraudulent Vehicles, the Defendants came to understand that they could not make
20 the vehicles environmentally friendly or “50-state compliant” - as they represented to consumers
21 through consistent and pervasive communications - and that the vehicles could not achieve the
22 fuel economy and performance that were central to Fiat Chrysler’s marketing efforts without
23 installing components and software that de-activated or reduced the emission control system
24 during real-world driving conditions. The Defendants concealed this fact from the regulators
25 and consumers alike, and cheated Plaintiffs of the vehicles they thought they were buying.

26
27 138. The Defendants’ scheme focused on at least two of the emissions control
28

1 systems in the Fraudulent Vehicles—both of which Fiat Chrysler pitched to consumers as
2 enablers of the Fraudulent Vehicles purported “clean” operation: (1) the Exhaust Gas
3 Recirculation (“EGR”) system and (2) the Selective Catalytic Reduction (“SCR”) system.

4 139. The EGR system reduces NO_x in diesel emissions by lowering the temperature
5 of the exhaust gas exiting the engine. The SCR system takes the NO_x leftover from the EGR
6 System and converts it into harmless nitrogen and water. Together, the EGR and SCR systems
7 are vital to mitigating the pollution from the Fraudulent Vehicles’ diesel emissions.
8

9 140. As identified in the EPA’s NOV, the Defendants installed a number of
10 undisclosed auxiliary emission control devices (“AECDs”) in the Fraudulent Vehicles that
11 compromised the EGR and SCR systems and resulted in substantially increased NO_x emissions
12 during real-world driving conditions. As exemplified herein, the Defendants knew that these
13 AECDs were not allowed, but that the Fraudulent Vehicles could not achieve the fuel economy
14 or performance that the Defendants marketed without them.
15

16 **1. EGR AECD Strategy: EGR Rate Reduction**
17

18 141. Burning diesel fuel creates NO_x. The amount of NO_x produced by a diesel
19 vehicle is a function of temperature: the hotter the exhaust gas is when it exits the engine, the
20 more NO_x it emits.

21 142. The EGR system minimizes NO_x by lowering the temperature of the engine
22 exhaust through a recirculation process. The higher the rate of exhaust gas recirculation (the
23 EGR rate), the lower the exhaust gas temperature. The lower the exhaust temperature, the lower
24 the NO_x. But, critically, the higher the EGR rate in a vehicle, the worse fuel economy it achieves.
25 Defendants employed the EGR AECDs in the Fraudulent Vehicles to either reduce the EGR rate
26 or shut it off entirely, thereby artificially and secretly increasing the Fraudulent Vehicles’ fuel
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1 economy and drivability at the expense of increased NOx.

2 143. One of the strategies Defendants used to reduce the EGR rate was through what
3 the EPA has named AECD 5, which detects the engine temperature in the Fraudulent Vehicles
4 and reduces the EGR rate during the vehicles' "warm-up phase" (the phase when the engine is
5 heating up after a cold start). The EPA described AECD 5 as "EGR rate reduction based on
6 engine temperature model." Defendants referred to it as "T_Eng" and various derivatives thereof
7 (e.g., "t_engine" and "tEng").
8

9 144. VM Motori knew as early as 2010 that T_Eng was an AECD (FCA-MDL-
10 000456083) that, if concealed, would be illegal. In April 2010, a Fiat Chrysler powertrain
11 division employee attempted to assure VM Motori's Controls and Calibration Director, Sergio
12 Pasini, that T_Eng did not employ "cycle detection" FCA-MDL-000452591. "Cycle detection"
13 refers to any mechanism that allows a vehicle to detect when it is undergoing regulatory
14 emissions testing, and modify its emissions accordingly. But Pasini knew better. Just two
15 months later, he told his VM Motori colleagues, "the [EGR] rate will be managed mainly on
16 t_engine which is, no matter what FIAT says, a cycle detection." *Id.* VM Motori regularly
17 admitted that the T_Eng function employed "cycle detection" (12/2011 correspondence—FCA-
18 MDL-000168161); "cycle recognition" (1/2012 correspondence—FCA-MDL-000377513; FCA-
19 MDL-000377513_T001 (English translation)); and "cycle beating" (02/2013 correspondence—
20 FCA-MDL-000430441-44; 06/2013—FCA-MDL-000295256). Pasini also understood that this
21 AECD was not being disclosed to the EPA. FCA-MDL-000377499; FCA-MDL-
22 000377499_T001-02 (English translation). In a May 2013 email, for example, Pasini told more
23 than a dozen of his VM Motori colleagues that the T_Eng function was not active during emission
24 testing and "has not been declared to regulators." *Id.*
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1 145. Fiat Chrysler also knew that T_Eng was an AECD, and critically, all the
2 Defendants understood that it was necessary to achieve the desired fuel economy. In December
3 2011, VM Motori identified T_Eng as a “sort of ‘cycle detection’ to increase fuel economy
4 (FCA-MDL-000168161) and said Fiat Chrysler gave them approval to use it (FCA-MDL-
5 000377211). In January 2012, FCA Executive Bob Lee connected T_Eng to FCA’s objective of
6 achieving greater fuel economy in a presentation entitled “Fuel Economy Status Target.” FCA-
7 MDL-000000116. In February 2012, VM Motori directed Bosch to implement T_Eng, and told
8 Bosch that VM Motori would explain to Fiat Chrysler that T_Eng was “what you need if you
9 want 30 mpg.” FCA-MDL-000015652. Fiat Chrysler later explored ideas to replace T_Eng
10 with a different strategy, but it abandoned that process after VM Motori informed FCA’s Diesel
11 Calibration Manager that the “F[uel] E[conomy] impact [of replacing T_Eng] is probably around
12 2 mpg highway.” FCA-MDL-000430044. In an email sent the next day, VM Motori’s Emanuele
13 Palma told colleagues that “Chrysler knows tEng is the only way to get to 30 mpg, so don’t worry
14 about this topic.” *Id.*

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17 146. Like VM Motori and Fiat Chrysler, Bosch also knew that T_Eng was an AECD
18 that likely qualified as an “defeat device” under applicable regulations. FCA-MDL-000015652.
19 In February 2012, Bosch warned VM Motori that T_Eng is an emissions “defeat device” and
20 that they risked “serious penalties” if regulators found T_Eng to be cycle detection. *Id.* VM
21 Motori refused to abandon T_Eng, however, and told Bosch “we are working closely with
22 Chrysler [and] the feedback we’ve had so far about [using T_Eng] is positive.” *Id.* The same
23 month, Bosch sought to limit its liability from VM Motori’s use of T_Eng, and even considered
24 asking VM Motori to sign a risk release. RBL-MDL2777-PE-300402775-78. Yet, Bosch not
25 only incorporated T_Eng into the emissions software for the Fraudulent Vehicles (FCA-MDL-
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000351953), Bosch appears to have gone so far as to have advised VM Motori not to disclose T_Eng to regulators, if it planned to use the function (*see, e.g.*, RBL-MDL2777-PE-300530521-23). Of course, this is exactly what they did.

147. On December 2, 2015, Morrie Lee of FCA Regulatory Affairs asked FCA Senior Manager Emanuele Palma “[w]hat compelling or driving reason does a[n] [automobile manufacturer] have to reduce EGR operation in the field?” FCA-MDL-000002857. Palma responded simply: “Low EGR → low soot, good drivability, F[uel] E[conomy].” *Id.* (emphasis added). Two days later, Lee told the EPA that Fiat Chrysler’s failure to document T_Eng as an AECD was “an oversight of understanding.” FCA-MDL-000002011. The documents cited herein show otherwise.

2. SCR AECD Strategy: Dosing Disablement

148. The SCR system uses DEF—a solution of urea and water—to convert NO_x into harmless nitrogen and water after it exits the EGR system and before it is emitted from the tailpipe. The part of the emissions system where this process occurs is called the SCR catalyst. In theory, the SCR system injects or “doses” measured quantities of DEF into the exhaust stream based on a software program that injects the right amount of DEF to neutralize the amount of NO_x being emitted by the engine.

149. However, Defendants employed the SCR AECDs to either reduce the DEF dosing amount or shut it down entirely. With the DEF dosing reduced or disabled, the Fraudulent Vehicles emit more NO_x.

150. Reduced DEF dosing was important to Defendants for at least two reasons. First, the more DEF the Fraudulent Vehicles consumed, the more frequently consumers would have to refill the DEF tank—an inconvenience that would make the vehicles less marketable. Second,

1 by the time the first Fraudulent Vehicles hit the market, the Defendants realized that the
2 chemicals in the DEF were breaking down the materials in the SCR catalyst and causing these
3 components to fail prematurely, which could be mitigated by reducing DEF dosing (at the
4 expense of increased emissions).

5 151. The Defendants relied heavily on an alternative DEF dosing mode called “online
6 dosing,” which limited the injection of DEF into the SCR catalyst, thereby compromising the
7 SCR system. The EPA identified this alternative dosing functionality as AECD 7. Bosch and
8 VM Motori first discussed “online dosing” in March 2011. FCA-MDL-000281212-14. Both
9 parties acknowledged that, if used, online dosing would have to be disclosed as an AECD. *Id.*
10 (“online dosing . . . could also be used outside cert cycle [but] needs to be declared at CARB”).
11 Yet, in November 2012, Bosch implemented a software change to prevent online dosing from
12 activating during EGR diagnostic monitoring (RBL-MDL2777-PE-300068645-48), and in
13 February 2013, Kasser Jaffri of FCA’s On Board Diagnostic group expressed concern to VM
14 Motori that CARB might see online dosing as “cycle beating” (FCA-MDL-000430441). Jaffri
15 concluded that, if applied, online dosing would have to be disclosed as an AECD. FCA-MDL-
16 000478134 (“Chrysler will request an AECD for [online dosing]”). It did not do so.

17 152. VM Motori then told Fiat Chrysler in March 2013 that it was not going to use
18 the online dosing strategy. FCA-MDL-000433186. They used it anyway. In September 2013,
19 Jaffri reported to FCA Senior Manager Dan Hennessey, head of the On Board Diagnostic group,
20 that online dosing was (1) active in the vehicles; (2) had not been disclosed to CARB or the EPA;
21 and (3) “reduces the conversion efficiency effectiveness,” thereby resulting in increased NO_x
22 emissions. FCA-MDL-000740696. Understandably, Jaffri observed that this “continues to be
23 an area of concern.” *Id.* He also told Hennessey that when online dosing was active, diagnostic
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1 monitoring meant to track the performance of the SCR system “cannot be run,” because, if active,
2 the diagnostic monitoring would reveal that the SCR system was not functioning. *Id.*

3 153. In September 2014, Fiat Chrysler senior management, including March Shost
4 and Dan Hennessey, received a presentation from Emanuele Palma entitled “WK/DS MY15
5 DEF dosing strategy.” One slide in that presentation labeled “online dosing strategy” noted that
6 Fiat Chrysler’s competitors were using online dosing and that Fiat Chrysler could too—but,
7 critically, that the dosing strategy needed “to be agreed with the agencies.” FCA-MDL-
8 000417114-25. No such agreement was reached, because Fiat Chrysler never disclosed the
9 functionality.
10

11 154. In July 2015, Fiat Chrysler acknowledged that tests conducted on the Model
12 Year 2014 Fraudulent Vehicles showed that the vehicles were not meeting NOx emissions
13 standards because the SCR catalysts—which Bosch provided for the Fraudulent Vehicles (RBL-
14 MDL2777-PE-300160491-504)—were failing (FCA-MDL-000713128). In a presentation given
15 that month entitled “SCR Catalyst Responsibility Share,” Bosch noted in its “investigation
16 history” chronology that it began to investigate the SCR catalyst as the reason FCA development
17 vehicles were experiencing excess NOx emissions in February 2013. RBL-MDL2777-PE-
18 300166279. The investigation chronology further identified a “dosing calibration strategy
19 change” to reduce dosing rates. *Id.* Bosch admitted that VM Motori made the change on Bosch’s
20 recommendation. *Id.*
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22

23 142. In sum, the Defendants all knew that the Fraudulent Vehicles contained
24 undisclosed apparatuses that reduced or disabled the emissions control systems in real-world
25 driving conditions, and they knew that without those undisclosed apparatuses, the Fraudulent
26 Vehicles could not deliver the fuel economy and performance that Fiat Chrysler promised.
27
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1 Defendants concealed this fact from consumers and regulators and, in so doing, cheated
2 Plaintiffs of the vehicles they thought they were buying.

3 **“DIESELGATE” SCANDALIZES THE GLOBAL AUTO INDUSTRY.**

4 143. The world was shocked to learn that Volkswagen had manufactured over 11
5 million diesel cars that were on the roads in violation of European emission standards, and over
6 565,000 vehicles operating in the United States in violation of EPA and state emission standards.
7 But Volkswagen was not the only one.
8

9 144. In the wake of the Volkswagen “defeat device” scandal, scientific literature and
10 reports and testing indicate that many other so-called “clean diesel” vehicles emit far more
11 pollution on the road than in lab tests. The EPA has since widened its probe of diesel emissions
12 to include the Fraudulent Vehicles at issue here.
13

14 145. In May 2015, a study conducted on behalf of the Dutch Ministry of Infrastructure
15 and the Environment found that all sixteen (16) diesel vehicles made by different manufacturers,
16 when tested, emitted significantly more NOx on real-world trips but nevertheless passed
17 laboratory tests. The report concluded that “[i]n most circumstances arising in normal situations
18 on the road, the system scarcely succeeded in any effective reduction of NOx emissions.”
19

20 146. The report further remarked:

21 It is remarkable that the NOx emission under real-world conditions exceeds the
22 type approval value by [so much]. It demonstrates that the settings of the
23 engine, the EGR [(exhaust gas recirculation)] and the SCR during a real-world
24 test trip are such that they do not result in low NOx emissions in practice. In
25 other words: In most circumstances arising in normal situations on the road,
the systems scarcely succeed in any effective reduction of NOx emissions.

26 The lack of any “effective reduction of NOx emissions” is devastating to “clean diesel”
27 advertising, including that for the Fraudulent Vehicles at issue here.
28

1 147. Other organizations are beginning to take notice of the emission deception. The
2 Transportation and Environment (“T&E”) organization, a European group aimed at promoting
3 sustainable transportation, compiled data from “respected testing authorities around Europe.”
4 T&E stated in September 2015 that real-world emission testing showed drastic differences from
5 laboratory tests, such that models tested emitted more pollutants on the road than in the lab. “For
6 virtually every new model that comes onto the market the gap between test and real-world
7 performance leaps,” the report asserts.
8

9 148. In a summary report, T&E graphically depicted the widespread failure of most
10 manufacturers to meet emission standards. The T&E report found that the current system for
11 testing cars in a laboratory produces “meaningless results,” because manufacturers like Fiat
12 Chrysler can engineer their cars to “pass” the laboratory tests but emit many times as much
13 pollution under normal driving conditions.
14

15 149. Emissions Analytics is a U.K. company formed to “overcome the challenge of
16 finding accurate fuel consumption and emission figures for road vehicles.” With regard to its
17 recent on-road emission testing, the company explains:
18

19 [I]n the European market, we have found that real-world emissions of the regulated nitrogen
20 oxides are four times above the official level, determined in the laboratory. Real-world emissions
21 of carbon dioxide are almost one-third above that suggested by official figures. For car buyers,
22 this means that fuel economy on average is one quarter worse than advertised. This matters,
23 even if no illegal activity is found.
24

25 **DEFENDANTS ARE CAUGHT CHEATING.**

26 **A. Testing Reveals Cheating.**

27 150. In late 2016, a 2015 Ram 1500 pickup was tested using a Portable Emissions
28

1 Measurement System (“PEMS”). Testing revealed that Fiat Chrysler also cheated in that it had
2 concealed the fact that the Ram 1500 spews more than the legal amount of emissions and fails
3 to meet its own “no NOx” out-of-the-tailpipe promise.

4 151. The applicable standard both at the federal and state level is 50 mg/mile of NOx
5 for “FTP Style” driving: *i.e.*, city driving. Testing was conducted with a PEMS unit to simulate
6 driving conditions under both the FTP certification cycle and the highway certification cycle.

7 152. The Ram 1500 emits an average of 159 mg/mile of NOx and a maximum of
8 1,283 mg/mile on flat roads, and 222 mg/mile of NOx with a maximum of 1,859 mg/mile on
9 hills. For highway driving, the average was 232 mg/mile and a maximum of 1,615 mg/mile,
10 compared to the 70 mg/mile standard. On hills, the numbers are 353 mg/mile and 3,240 mg/mile.
11 Testing also revealed a device triggered by ambient temperature that significantly derates the
12 performance of the NOx emission reduction system, with ambient threshold temperatures above
13 approximately 95°F and below 40-50°F. The resulting NOx emissions increase by a factor of 10
14 when above or below these threshold temperatures. Testing also revealed the presence of a
15 device that is triggered when ascending hills, as the emission control system appears to be
16 significantly derated after a short period of steady driving on hills. As a result, NOx emissions
17 increase after about 500-1000 seconds on hills with grades as low as 1%, where emissions are
18 often 10 times the highway standard. For grades as little as 0.4%, emissions were found to be as
19 high as 6 times the highway standard.

20 153. The Ram 1500’s emission software is a “Bosch EDC17,” as is the Jeep Grand
21 Cherokee’s emission software. The same basic emission system is in the Grand Cherokee
22 EcoDiesel® and the engines are identical.

23 154. In separate testing, a 2014 Ram 1500 equipped with an EcoDiesel® engine and
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1 featuring SCR NO_x after-treatment technology was tested on a chassis dynamometer as well as
 2 on the road. In both scenarios, gaseous exhaust emissions, including oxides of nitrogen (NO_x),
 3 nitrogen oxide (NO), carbon monoxide (CO), carbon dioxide (CO₂), and total hydrocarbons
 4 (THC) were measured on a continuous basis using a PEMS from Horiba®.

5 155. The tests showed significantly increased NO_x emissions during on-road testing
 6 as opposed to testing on a chassis dynamometer (*i.e.*, in the laboratory). On the road, over an
 7 urban/suburban route, the vehicle produced average NO_x emissions that exceeded federal
 8 certification standards by approximately 15-19 times. When tested on a highway, the average
 9 NO_x emissions measured 35 times the EPA Tier 2 Bin 5 standard.
 10

11 **B. The EPA Issues A Notice of Violation to Fiat and FCA.**

12 156. On January 12, 2017, the EPA issued a NOV to Fiat and FCA for failing to
 13 justify or disclose defeat devices in model year 2014–2016 Ram 1500 EcoDiesel® and 2014–
 14 2016 Jeep Grand Cherokee EcoDiesel® vehicles (the Fraudulent Vehicles at issue here). CARB
 15 also issued a Notice of Violation to Fiat and FCA. Since then, the EPA, by and through the
 16 Department of Justice, has sued Fiat, FCA, VM Italy, and VM America for violations of the
 17 CAA.
 18

19 157. The EPA’s NOV and lawsuit arose in part from emission testing performed by
 20 the EPA at the National Vehicle and Fuel Emissions Laboratory. The EPA performed this testing
 21 “using driving cycles and conditions that may reasonably be expected to be encountered in
 22 normal operation and use, for the purposes of investigating a potential defeat device.”
 23

24 158. The EPA identified at least eight AECDs in the Fraudulent Vehicles that were
 25 concealed on COC applications:
 26

- 27 • AECD 1 (Full EGR Shut-Off at Highway Speed)

- AECD 2 (Reduced EGR with Increasing Vehicle Speed)
- AECD 3 (EGR Shut-off for Exhaust Valve Cleaning)
- AECD 4 (DEF Dosing Disablement during SCR Adaptation)
- AECD 5 (EGR Reduction due to Modeled Engine Temperature)
- AECD 6 (SCR Catalyst Warm-Up Disablement)
- AECD 7 (Alternative SCR Dosing Modes)
- AECD 8 (Use of Load Governor to Delay Ammonia Refill of SCR Catalyst)

159. The EPA testing found that “some of these AECDs appear to cause the vehicle to perform differently when the vehicle is being tested for compliance with the EPA emission standards using the Federal emission test procedure (e.g., FTP, US06) than in normal operation and use.” For example:

- a. AECD 3, when combined with either AECD 7 or AECD 8, disables the EGR system without increasing the effectiveness of SCR system. Under some normal driving conditions, this disabling reduces the effectiveness of the overall emission control system. The AECD 3 uses a timer to shut off the EGR, which does not appear to the EPA to meet any exceptions to the regulatory definition of “defeat device.”
- b. AECD 5 & 6 together reduce the effectiveness of the NO_x emission control system, using a timer to discontinue warming of the SCR after-treatment system, which reduces its effectiveness.
- c. AECD 4, particularly when combined with AECD 8, increases emissions of tailpipe NO_x during normal vehicle operation and use. The operation of AECD 1, AECD 2, and/or AECD 5 increase the frequency of occurrence of AECD 4.
- d. AECDs 7 & 8 work together to reduce NO_x emissions during variable- grade and high-load conditions.

160. The EPA further found that Fiat and FCA did not disclose or justify these control devices in their COC applications, as required by EPA regulations, and that Fiat and FCA were therefore in violation of the CAA each time they sold, offered for sale, introduced in commerce,

1 or imported one of the approximately 103,828 Fraudulent Vehicles. The EPA is now seeking
 2 injunctive relief and penalties.

3 **C. Bosch Software Documentation Further Verifies the Violations**

4 161. Researchers have obtained Bosch software documentation describing the
 5 functions, modules, structure, variables and calibration parameters believed to be installed in
 6 Fraudulent Vehicles. The documentation is over 10,000 pages long and contains hundreds of
 7 functions and thousands of variables developed by Bosch that describe the operation of the
 8 engine. These parameters and functions correlate with many of the violations alleged by the
 9 EPA and CARB. Critically, these functions, designed and implemented by Bosch, have elements
 10 that have no legitimate purpose in normal use. At the same time, these same elements, when
 11 enabled, allow the functions to reduce the effectiveness of emission controls in real world driving
 12 conditions, but not during an emission test cycle.
 13
 14

15 **1. AECDs 1 and 2: Reducing or Disabling EGR at Highway Speeds**

16 162. The function named “*AirCtl_RatDesValCalc*” described in the Bosch
 17 documentation as “*Exhaust gas recirculation control - EGR ratio setpoint calculation*” is used
 18 to calculate the desired EGR rate. The software documentation contains figures with flow
 19 diagrams describing the inputs, outputs, and calculation performed by this software function.
 20 Bosch has included vehicle speed as an input used by the EGR control function to modify the
 21 EGR rate (and, thus, NOx emission). Vehicle speed is notable because there is no legitimate
 22 reason for the EGR rate to depend directly on vehicle speed.
 23
 24

25 163. By allowing EGR rate to depend directly on vehicle speed, Bosch provided a
 26 means by which Fiat and FCA could reduce the effectiveness of the emission control system
 27 under conditions which may reasonably be expected to be encountered in normal vehicle
 28

operation and use. This function may be, and is likely to have been, used to implement the undisclosed AECDs 1 and 2 identified in the EPA NOV to Fiat and FCA.

2. AECD 3: EGR Shut-Off for Exhaust Valve Cleaning

164. AECD 3 identified in the EPA NOV has also been identified in Bosch's software documentation in the function named "*AirCtl_Mon*" described in the Bosch documentation as "*Exhaust gas recirculation control – Monitoring and shut-off.*" Bosch described this AECD as ostensibly providing a cleaning mechanism for the engine exhaust valves when the Fraudulent Vehicle is in overrun (*i.e.*, the engine is turning without combustion, such as when the vehicle is going downhill). To accomplish this cleaning, the function created by Bosch closes the EGR valve (turning off EGR), so a "huge gush of clean air" can remove deposits. However, Bosch also programmed a software switch (named "*AirCtl_swtOvrRunOff_C*") that allowed Fiat and FCA to enable exhaust valve cleaning in normal (non-overrun) operation, effectively disabling EGR.

165. Together with an activation delay added by Bosch—controlled by *AirCtl_tiEngRunDrvCycMin_C*, which is described as "*Calibration time after which exhaust valve cleaning routine can start*"—the *AirCtl_Mon* function can be readily used as a defeat device. To do so, Bosch would calibrate the ECU to enable valve cleaning in outside of overrun (*AirCtl_swtOvrRunOff_C* = TRUE), but only after the duration of a typical emission test cycle (*AirCtl_tiEngRunDrvCycMin_C* = 1800 seconds). This would disable EGR after an emission test cycle, resulting in increased NOx emission. This function may be, and is likely to have been, used to implement undisclosed AECD 3 identified in in the EPA and CARB NOVs.

3. AECD 7: Alternative SCR Dosing Modes

166. Bosch included a timer in another function, without a legitimate purpose. The

1 Bosch function named “*SCRFFC_Main*,” described in documentation as “*Calculation of the NH3*
2 *precontrol quantity*” has an input variable timer entitled “*CoEng_tiNormal*,” which holds the
3 time duration since the engine was started. This variable can be used to reduce SCR efficiency,
4 and, therefore, increase NOx emission, after a certain time has elapsed. In particular, this timer
5 may be set to the duration of a typical emission test cycle. There is no legitimate reason for SCR
6 control to depend directly on the time duration since engine start. By making SCR control
7 depend directly on time duration since engine start, however, Bosch has provided a means by
8 which Fiat and FCA could reduce the effectiveness of the emission control system in real world
9 driving conditions. This function may be, and is likely to have been, used to implement
10 undisclosed AECD 7 identified in the EPA and CARB NOVs.
11

12
13 **D. West Virginia University Testing of the Fraudulent Vehicles**

14 167. Beginning in 2015, researchers at the West Virginia University Center for
15 Alternative Fuels, Engines, and Emissions—the same researchers instrumental in uncovering
16 Volkswagen’s fraud—tested 5 model year 2014 and 2015 vehicles produced by FCA. The test
17 vehicles comprised the Fraudulent Vehicles at issue here: Jeep Grand Cherokees and Ram 1500
18 diesel vehicles, all equipped with the 3.0L EcoDiesel® engine, and featuring SCR NOx after-
19 treatment technology.
20

21 168. All test vehicles were evaluated on a vehicle chassis dynamometer representing
22 the test conditions for regulatory compliance. Each vehicle was also tested over-the-road using
23 a PEMS device during a variety of driving conditions including urban/suburban and highway
24 driving.
25

26 169. One of the Jeep Grand Cherokees and one of the Ram 1500 vehicles was tested
27 prior to, as well as after, a mandatory vehicle recall in April 2016 – the “R69 recall” – which
28

1 included a software “reflash” by FCA that concerned the vehicles’ emission control systems.

2 170. Results indicated that both Jeep Grand Cherokee and Ram 1500 in May 2014
3 exhibited significantly increased NOx emissions during on-road operation as compared to the
4 results observed through testing on the chassis dynamometer. For May 2015, Jeep vehicles
5 produced from 4 to 8 times more NOx emissions during urban/rural on-road operation than the
6 certification standard, while Ram 1500 vehicles emitted approximately 25 times the NOx
7 permitted by EPA Tier2-Bin5 standard for highway driving conditions.
8

9 171. The researchers noted that for the vehicles tested post-recall using the
10 dynamometer, NOx emissions were similar or slightly lower than that observed for vehicles tested
11 pre-recall. But on-road emissions were still very different from emissions observed through
12 chassis dynamometer testing, even though they were slightly improved from the levels observed
13 during pre-recall testing.
14

15 **E. European Investigation and Testing**

16 172. Fiat Chrysler and Bosch have both found themselves in trouble with German
17 regulators in the wake of the Volkswagen scandal.
18

19 173. German prosecutors have launched an investigation into Bosch, reportedly
20 raiding Bosch’s offices in Stuttgart. In April 2016, Bosch GmbH representatives met with
21 Germany’s Federal Motor Transport Authority (“KBA”) on at least two occasions. In an April
22 14, 2016 meeting, Bosch admitted there were a number of anomalies in the calibration of its
23 engine control units provided to Fiat Chrysler for diesel vehicles sold in Europe. Bosch
24 confirmed that it had delivered the control units for the vehicles as well as the associated software
25 and that Bosch employees had integrated the emission-related applications into the software.
26 Bosch admitted that the software reduced the EGR rate and the regeneration of NSC (NOx
27
28

1 storage catalyst) after an elapsed period of driving time or number of cycles. Specifically, 22
2 minutes after the start of the engine (the estimated duration of emission testing), the software
3 reduced the EGR rate to nearly zero and de-activated NSC regeneration. Another trigger for de-
4 activation of the NSC regeneration occurred after the vehicle had been driven a distance of 100
5 kilometers. Bosch confirmed that the NOx emissions for the vehicles exceeded the legal limits
6 by a factor of 4-5. The KBA's takeaway from its meetings with Bosch was there is a defeat
7 device in the vehicles and Bosch shared responsibility for the defeat device with Fiat Chrysler.
8 Media reports have confirmed the same.
9

10 174. After the meeting with Bosch, the KBA performed testing on the Fiat diesel
11 vehicles and confirmed that the emission controls were disabled after 22 minutes of driving time,
12 causing the vehicles to emit more than 10 times the legal limit of NOx. The KBA concluded that
13 the vehicles were designed to cheat on emission tests, which normally run for about 20 minutes.
14 As a result, the KBA's transport minister announced: "We will need to carry out further tests on
15 Fiat models." In August 2016, the German government formally concluded that Fiat vehicles
16 sold in the EU had used defeat devices.
17
18

19 175. More recently, 17-page long-form article published by the German weekly
20 investigative news magazine *Der Spiegel*, on April 20, 2018, details the central role Bosch played
21 in the "diesel scandal." The article reports that prosecutors in Germany are investigating Bosch
22 for providing and programming illegal software for use in Fiat vehicles, among many others.
23

24 **F. Joint University of California, San Diego and German Study of the Fiat 500X**

25 176. The testing of European regulators has been confirmed by independent testing
26 conducted here in the United States. A recent peer-reviewed study by researchers at the
27 University of California, San Diego and Ruhr-Universität Bochum in Germany analyzed
28

1 firmware in the EDC Unit 17 of the Fiat 500X and found a defeat device affecting the logic
2 governing NOx storage catalyst regeneration. Unlike the Volkswagen defeat device, the
3 researchers found that the mechanism in the Fiat 500X relied on timing, reducing the frequency
4 of NSC approximately 26 minutes and 40 seconds after the engine was started. (By reducing the
5 frequency of NOx storage catalyst regeneration, a manufacturer can improve fuel economy and
6 increase the service life of the diesel particulate filter, at the cost of increased NOx emissions.)

7
8 177. According to the study, the conditions used to determine when to regenerate the
9 NSC were duplicated, and each set of conditions could start a regeneration cycle. The researchers
10 obtained Bosch copy-righted documentation for a Fiat vehicle, which described two sets of
11 conditions using the terms “during homologation cycle” and “during real driving.” The term
12 “homologation” is commonly used in Europe to describe the process of testing an automobile for
13 regulatory conformance. Bosch’s authorship of the document and use of the terms
14 “homologation [testing]” and “real driving” to describe the regeneration conditions demonstrate
15 that it not only created the mechanism for Fiat Chrysler but was also aware of the mechanism’s
16 intended purpose of circumventing emission testing.
17
18

19 178. Together, these facts reveal that Defendants have fraudulently concealed the
20 functions of its emission control technology from regulators and consumers alike. Further, they
21 demonstrate that Fiat Chrysler’s claims about its EcoDiesel® Fraudulent Vehicles as “clean
22 diesel” with “ultralow emissions” and “no NOx” emitted through the tailpipe is false or
23 misleading.
24

25 **THE DAMAGE CAUSED BY DEFENDANTS’ DIRTY DIESEL SCHEME**

26 179. Plaintiffs paid a significant premium for the EcoDiesel features that FCA falsely
27 advertised. Indeed, consumers paid between \$3,120 and \$5,000 more for the EcoDiesel option
28

1 than for the comparable gasoline vehicles. In return, FCA promised power, performance, fuel
2 economy, and environmental friendliness (and vehicles that were legal to drive). FCA could not
3 deliver on that promise. Plaintiffs suffered significant harm as a result.

4 180. FCA may not be able to bring the Fraudulent Vehicles into compliance with
5 emissions standards. If that is the case, those vehicles will have to be removed from the road.

6
7 181. But even if FCA can bring the Fraudulent Vehicles into compliance with
8 emission standards, it will not be able to do so without substantially degrading their performance
9 characteristics, including their horsepower and/or fuel efficiency and/or maintenance
10 requirements. Consequently, will not possess the vehicles they thought they purchased and will
11 not have received the benefit of the bargain. This will also result in a diminution in value of
12 every Fraudulent Vehicle, and it will cause owners and lessees of Fraudulent Vehicles to pay
13 more for the use of their Fraudulent Vehicles.

14
15 182. Assuming, for the sake of argument, that the Fraudulent Vehicles could be
16 brought into compliance with emission standards without any material degradation to
17 performance or maintenance characteristics—and if that were the case, it begs the question as to
18 why FCA cheated in the first place—Plaintiffs would still have been deprived of the benefit of
19 the bargain for all the years they owned and/or leased the Fraudulent Vehicles that could not and
20 did not deliver all of the characteristics for which Plaintiffs paid a premium, and were not
21 compliant with U.S. law.

22
23 183. In sum, had regulators or the public known the true facts, Plaintiffs would not
24 have purchased or leased the Fraudulent Vehicles (in fact, they could not have legally been sold),
25 or would have paid substantially less for them.
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TOLLING OF THE STATUTES OF LIMITATIONS

Discovery Rule

184. The tolling doctrine was made for cases of fraudulent concealment like this one. Plaintiffs did not discover, and could not have discovered through the exercise of reasonable diligence, that the defendants had conspired to install software that would evade emissions regulations, and that the defendants were concealing and misrepresenting the true emissions levels of its vehicles.

185. The fraud, as set forth herein, was elaborate and well concealed. Indeed, the EPA and CARB uncovered the software manipulation only through a sophisticated and costly investigation involving highly technical equipment.

186. Plaintiffs had no realistic ability to discover the presence of the defeat devices, or to otherwise learn of the fraud, until it was discovered by the EPA and CARB and revealed to the public through their respective Notices of Violation.

187. Any statutes of limitation otherwise-applicable to any claims asserted herein have thus been tolled by the discovery rule.

Fraudulent Concealment

188. All applicable statutes of limitation have also been tolled by Defendants' knowing, active and ongoing fraudulent concealment of the facts alleged herein.

189. Defendants have known of the emission control software installed in the Fraudulent Vehicles since at least 2014, when Defendants began installing them. Since then Defendants have intentionally concealed from, or failed to notify, regulators, Plaintiffs and the driving public of the undisclosed Cheat Devices and the true level of emissions and performance of the Fraudulent Vehicles. There is no question that the Cheat Devices were installed to intentionally deceive regulators, and the public.

CLAIMS FOR RELIEF

FEDERAL CLAIMS

FEDERAL COUNT I

RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT (“RICO”)

Violation of 18 U.S.C. § 1962(c)-(d)

(On behalf of all Plaintiffs)

196. Plaintiffs incorporate by reference each preceding paragraph as though fully set forth herein.

197. Plaintiffs bring this action against all Defendants.

198. For purpose of this Count, Defendants are referred to as the “RICO Defendants.”

199. Fiat conducts its business—legitimate and illegitimate—through various affiliates and subsidiaries, like FCA, VM Italy, and VM America, each of which is a separate legal entity. The Bosch Group also conducts its business, both legitimate and illegitimate, through hundreds of companies, subsidiaries, and affiliates, including Bosch GmbH and Bosch LLC. At all relevant times, each of the RICO Defendants has been a “person” under 18 U.S.C. § 1961(3) because each was capable of holding “a legal or beneficial interest in property.”

200. Section 1962(c) makes it “unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity.” 18 U.S.C. § 1962(c).

201. Section 1962(d) makes it unlawful for “any person to conspire to violate” Section 1962(c), among other provisions. See 18 U.S.C. § 1962(d).

202. As part of a strategy to expand its North American presence, in 2009, Fiat began its acquisition of one of the “Big 3” U.S. automakers, Chrysler. In November of that year, CEO

1 Marchionne unveiled an ambitious 5-year plan to, among other things, roll out “more diesel
2 variants” of Jeep and to give Ram “Light duty (1500)” a “refresh/facelift.”

3 203. By 2014, Fiat had become Fiat Chrysler Automobiles, Chrysler had become FCA,
4 and VM Motori, a longtime supplier, was now part of the Fiat Chrysler sprawling family of
5 affiliated companies. In May of that year, Marchionne announced another five-year plan at
6 Auburn Hills, Michigan headquarters to increase Fiat Chrysler’s competitiveness against global
7 auto behemoths, such as Toyota, Defendants, and General Motors, by increasing annual sales to
8 7 million vehicles by 2018, up from 4.4 million in 2013. Integral to the strategy was the
9 expansion of the “Jeep portfolio” and updates to the “bread-and-butter Ram 1500,” including
10 “diesel engines.”
11

12 204. During this same time frame, emission standards in the United States were
13 ratcheting up. In contrast to other global automakers, like Toyota and Ford, which were focusing
14 on developing hybrid and electric cars, Chrysler - now FCA and under the control of Fiat - took
15 another path: “[r]eflecting its ties with Europe-based Fiat, Chrysler appears to be taking yet
16 another route that focuses less on electrification and more heavily on light-duty diesels and
17 compressed natural gas.” In 2012, Marchionne observed, “with 2016 ‘just around the corner’
18 and 2025 not far away given the auto industry’s long product-development lead times, ‘there are
19 big choices to be made[.]’” Marchionne explained that “Chrysler, which is starting to share
20 platforms and powertrains with Fiat, wants to leverage the European auto maker’s strengths in
21 diesels and CNG-powered vehicles.” As one commenter put it at the time, “[f]uel-efficient
22 towing remains a strong point of diesels, and Marchionne says he still is optimistic about the
23 potential of light-duty diesels in the U.S. despite significant emissions challenges.”
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1 205. As it turned out, however, Fiat Chrysler was either unable or unwilling to devise
2 a solution within the constraints of the law. And so, like Defendants, they devised one outside
3 of it. Instead of cutting their losses, holding up the Fraudulent Vehicle roll outs, or coming clean,
4 they conspired with VM Italy and VM America and Bosch GmbH and Bosch LLC to install
5 customized emission treatment software (EDCs) in the EcoDiesel®'s engine diesel controls so
6 that the Fraudulent Vehicles could "pass" the EPA and CARB testing. The software disabled or
7 restricted certain of the emission controls during real-world driving conditions, however, causing
8 the Vehicles to spew up to 25 times the legal limits of NOx. These software controls were
9 concealed from regulators on COC and EO applications for the Vehicles by FCA, thus deceiving
10 the EPA and CARB into approving the Fraudulent Vehicles for sale throughout the United States
11 and California.

12
13
14 206. To accomplish their scheme or common course of conduct, Fiat, FCA, VM Italy,
15 VM America, Bosch GmbH, and Bosch LLC, along with others, had to work together to conceal
16 the truth. Each defendant was employed by or associated with, and conducted or participated in
17 the affairs of, one or several RICO enterprises (defined below and referred to collectively as the
18 "EcoDiesel® RICO Enterprise"). The purpose of the EcoDiesel® RICO Enterprise was to
19 deceive regulators into believing that the Fraudulent Vehicles were eligible for coverage by a
20 COC and/or EO and compliant with emission standards. The motivation was simple: to increase
21 Defendants' revenues and profits and minimize their losses from the design, manufacture,
22 distribution and sale of the Fraudulent Vehicles and their component parts. As a direct and
23 proximate result of their fraudulent scheme and common course of conduct, the RICO
24 Defendants were able to extract over a billion dollars from consumers. As explained below, their
25 years-long misconduct violated Sections 1962(c) and (d).
26
27
28

1 **A. Description of the EcoDiesel® RICO Enterprise**

2 207. In an effort to expand its market share in the United States and beyond, Fiat, a
3 publicly-traded Italian-controlled, Dutch-registered company headquartered in London, bought
4 then-Chrysler (now FCA), a separate Delaware company, headquartered in Michigan. Fiat uses
5 FCA to design, market, manufacture and sell the Fraudulent Vehicles and other vehicles under
6 the Chrysler, Dodge, Jeep, Ram, and Fiat brands throughout the United States. FCA also
7 submitted the COC and EO applications for the Fraudulent Vehicles. Fiat used VM Italy and
8 VM America to design and manufacture the EcoDiesel® engines for the Fraudulent Vehicles,
9 which were calibrated in Michigan with Bosch's hidden software. Fiat, FCA, VM Italy, and VM
10 America maintained tight control over the design, manufacture, calibration, and testing of the
11 Vehicles. Bosch also participated, either directly or indirectly, in the conduct of the enterprise's
12 affairs by developing, writing the software code customized for the Fraudulent Vehicles, and
13 concealing the hidden software installed in the Fraudulent Vehicles in order to allow them to
14 "pass" testing but then disable or restrict certain emission controls during real-world driving
15 conditions.
16

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19 208. At all relevant times, the RICO Defendants, along with other individuals and
20 entities, including unknown third parties involved in the design, calibration, manufacture,
21 testing, marketing, and sale of the Fraudulent Vehicles or the emission controls therein, operated
22 an association-in-fact enterprise, which was formed for the purpose of fraudulently obtaining
23 COCs from the EPA (and EOs from CARB) in order to sell the Fraudulent Vehicles throughout
24 the United States (and California), and through which enterprise they conducted a pattern of
25 racketeering activity under 18 U.S.C. § 1961(4). The enterprise is called the "EcoDiesel® RICO
26 Enterprise."
27
28

1 209. At all relevant times, the EcoDiesel® RICO Enterprise constituted a single
2 “enterprise” or multiple enterprises within the meaning of 18 U.S.C. §1961 (4), as legal entities
3 as well as individuals and legal entities associated-in-fact for the common purpose of engaging
4 in the RICO Defendants’ unlawful profit-making scheme.

5 210. The association-in-fact EcoDiesel® RICO Enterprise consisted of at least the
6 following entities and individuals, and likely others:
7

8 **1. The Fiat Chrysler Defendants**

9 211. Fiat Chrysler is the seventh-largest automaker in the world based on total annual
10 vehicle sales and is an international automotive group. Fiat is listed on the New York Stock
11 Exchange under the symbol “FCAU” and on the Mercato Telematico Azionario under the
12 symbol “FCA.” FCA is not publicly traded and thus has no SEC reporting obligations, but it
13 does have reporting obligations, protections and responsibilities unique to the State of Delaware.
14 FCA is a distinct legal entity, controlled and owned (indirectly) by Defendant Fiat. FCA’s day-
15 to-day operations are managed by employees of both Fiat and FCA. Fiat’s Group Executive
16 Committee are based in FCA’s Michigan headquarters. Fiat and FCA worked closely with VM
17 Italy and VM America to develop and calibrate the EcoDiesel® engines for the Fraudulent
18 Vehicles and to gather information for submission to regulators in the COC and EO applications
19 by FCA. Each of these Defendants knew or recklessly disregarded that the Fraudulent Vehicles
20 were unable to (and did not) comply with U.S. emission standards and yet concealed this
21 information from regulators.
22
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25 212. Working with other members of the EcoDiesel® RICO Enterprise, Fiat and FCA
26 conspired to install and conceal emission control software in the EcoDiesel® engines to illegally
27 circumvent stringent U.S. emission standards. Employing this technology, Fiat Chrysler
28

1 fraudulently obtained COCs and EOs for the Fraudulent Vehicles even though they emit
2 unlawful levels of toxic pollutants into the atmosphere during normal operating conditions.
3 Further, they concealed this information from regulators once questions were raised.

4 **2. The VM Motori Defendants**

5 213. As explained above, Fiat bought 50% of VM Italy in 2011 and the remaining 50%
6 stake from General Motors in 2013. Fiat Chrysler used VM Italy and VM America to design,
7 calibrate, and manufacture the EcoDiesel® engine to be used in the Fraudulent Vehicles. Fiat
8 and FCA worked with, and oversaw, VM Italy and VM America in the development and
9 calibration of the engines at Michigan headquarters. Employees from VM Italy and VM
10 America worked jointly on the manufacturing and/or assembling the engines for the Vehicles in
11 the United States. And VM Italy and VM America performed engine calibrations, including
12 calibrations involving the concealed emission control technology for the Vehicles. For example,
13 VM Motori's Calibration Leader for the Vehicles was based in Michigan and reported to
14 management at both VM Italy and VM America. Finally, VM Italy and VM America provided
15 information to FCA for inclusion in the COC and EO applications. VM Italy and VM America
16 knew or recklessly disregarded that the EcoDiesel® engines in the Fraudulent Vehicles were
17 unable to comply with U.S. emission standards and yet concealed this information from
18 regulators.
19

22 **3. The Bosch Defendants**

23 214. As explained above, the Bosch Defendants supplied the emission control
24 technology at issue—EDC Unit 17s—which were installed in the Fraudulent Vehicles. Bosch
25 GmbH is a multinational engineering and electronics company headquartered in Germany,
26 which has hundreds of subsidiaries and companies, including in the United States. It wholly
27
28

owns Bosch LLC, a Delaware limited liability company headquartered in Farmington Hills, Michigan. Bosch's sectors and divisions are grouped by subject matter, not location. Mobility Solutions is the Bosch sector at issue, particularly its Diesel Services division, and it encompasses employees of both Bosch GmbH and Bosch LLC. These individuals were responsible for the design, manufacture, development, customization, and supply of the EDC units for the Fraudulent Vehicles.

215. Bosch's relationship with key corporate partners, such as Fiat, which brought in millions of dollars in annual revenue for Bosch.

216. Bosch worked with Fiat and FCA to develop and implement a specific and unique set of software algorithms to surreptitiously evade emission regulations by deactivating certain controls under real-world driving conditions. Bosch was well aware that the EDC Unit 17 would be used for this purpose. Bosch was also critical to the concealment of these software functions in communications with regulators.

B. The EcoDiesel® RICO Enterprise Sought to Increase Defendants' Profits and Revenues.

217. The EcoDiesel® RICO Enterprise began as early as 2009, when Fiat began to acquire FCA and later VM Motori. Fiat Chrysler and Bosch entered into an agreement to develop and install EDC Unit 17's into over a hundred thousand Fraudulent Vehicles sold in the United States. It was not until September 2015 that the scheme began to unravel, when U.S. regulators uncovered Defendants' defeat devices provided by Bosch and questions were raised as to whether other diesel automakers were cheating, too.

218. At all relevant times, the EcoDiesel® RICO Enterprise: (a) had an existence separate and distinct from each RICO Defendant; (b) was separate and distinct from the pattern of racketeering in which the RICO Defendants engaged; and (c) was an ongoing and continuing

1 organization consisting of legal entities, including Fiat and FCA, their network of dealerships,
2 VM Italy, VM America, Bosch GmbH, Bosch LLC, and other entities and individuals associated
3 for the common purpose of designing, calibrating, manufacturing, distributing, testing,
4 marketing, and selling the Fraudulent Vehicles to consumers, including Plaintiffs, through
5 fraudulent COCs and EOs, false emissions tests, false or misleading sales tactics and materials,
6 and deriving profits and revenues from those activities. Each member of the EcoDiesel® RICO
7 Enterprise shared in the bounty generated by the enterprise, i.e., by sharing the benefit derived
8 from increased sales revenue generated by the scheme to defraud Plaintiffs nationwide.
9

10 219. The EcoDiesel® RICO Enterprise functioned by selling vehicles and component
11 parts to the consuming public. Many of these products are legitimate, including vehicles that do
12 not contain concealed AECDs. However, the RICO Defendants and their co-conspirators,
13 through their illegal Enterprise, engaged in a pattern of racketeering activity, which involves a
14 fraudulent scheme to increase revenue for Defendants and the other entities and individuals
15 associated-in-fact with the Enterprise's activities through the illegal scheme to sell the Vehicles.
16
17

18 220. The EcoDiesel® RICO Enterprise engaged in, and its activities affected,
19 interstate and foreign commerce, because it involved commercial activities across state
20 boundaries, such as the marketing, promotion, advertisement and sale or lease of the Vehicles
21 throughout the country, and the receipt of monies from the sale of the same.
22

23 221. Within the EcoDiesel® RICO Enterprise, there was a common communication
24 network by which co-conspirators shared information on a regular basis. The enterprise used this
25 common communication network for the purpose of manufacturing, marketing, testing, and
26 selling the Fraudulent Vehicles to the general public nationwide.
27
28

1 222. Each participant in the EcoDiesel® RICO Enterprise had a systematic linkage to
2 each other through corporate ties, contractual relationships, financial ties, and continuing
3 coordination of activities. Through the EcoDiesel® RICO Enterprise, the RICO Defendants
4 functioned as a continuing unit with the purpose of furthering the illegal scheme and their
5 common purposes of increasing their revenues and market share, and minimizing losses.
6

7 223. The RICO Defendants participated in the operation and management of the
8 EcoDiesel® Enterprise by directing its affairs, as described herein. While the RICO Defendants
9 participated in, and are members of, the enterprise, they have a separate existence from the
10 enterprise, including distinct legal statuses, different offices and roles, bank accounts, officers,
11 directors, employees, individual personhood, reporting requirements, and financial statements.
12

13 224. Fiat and FCA exerted substantial control over the EcoDiesel® RICO Enterprise,
14 and participated in the affairs of the Enterprise, by:

- 15 A. installing emission control software that deactivates or restricts one or more of
16 the controls during real-world driving conditions;
- 17 B. concealing these software functions from regulators;
- 18 C. failing to correct or disable the hidden software when warned;
- 19 D. manufacturing, distributing, and selling the Fraudulent Vehicles that emitted
20 greater pollution than allowable under the applicable regulations;
- 21 E. misrepresenting and omitting (or causing such misrepresentations and omissions
22 to be made) vehicle specifications on COC and EO applications;
- 23 F. introducing the Vehicles into the stream of U.S. commerce without a valid EPA
24 COC and/or CARB EO;
- 25
- 26
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- G. concealing the existence of the emission controls and the unlawfully high emissions from regulators and the public;
- H. persisting in the manufacturing, distribution, and sale of the Vehicles even after questions were raised about the emission testing and discrepancies concerning the same;
- I. misleading government regulators as to the nature of the emission control technology and the defects in the Fraudulent Vehicles;
- J. misleading the driving public as to the nature of the emission control technology and the defects in the Fraudulent Vehicles;
- K. designing and distributing marketing materials that misrepresented and/or concealed the defect in the vehicles;
- L. otherwise misrepresenting or concealing the defective nature of the Fraudulent Vehicles from the public and regulators;
- N. collecting revenues and profits from the sale of such products; and/or
- O. ensuring that the other RICO Defendants and unnamed co-conspirators complied with the scheme or common course of conduct.

225. VM Italy and VM America also participated in, operated and/or directed the EcoDiesel RICO Enterprise by developing an engine that emits high levels of toxic pollutants, calibrating the emission controls to deactivate or diminish during real-world driving conditions, and providing false or misleading information for purposes of supplying it to regulators on COC and/or EO applications.

226. Bosch GmbH and Bosch LLC also participated in, operated and/or directed the EcoDiesel® RICO Enterprise. Bosch formed a partnership with Fiat to provide engine

1 management and emission control technology for the Fraudulent Vehicles. Bosch GmbH and
2 Bosch LLC participated in the fraudulent scheme by manufacturing, installing, testing,
3 modifying, and supplying the EDC Unit 17 for the Vehicles. Bosch GmbH and Bosch LLC
4 exercised tight control over the coding and other aspects of the software and closely collaborated
5 with Fiat, FCA, VM Italy, and VM America to develop, customize, and calibrate the software
6 for the Vehicles. Additionally, Bosch GmbH and Bosch LLC continuously cooperated with the
7 other RICO Defendants to ensure that the EDC Unit 17 was fully integrated into the Vehicles.
8 Bosch GmbH and Bosch LLC also participated in the affairs of the Enterprise by concealing the
9 software functions from U.S. regulators and actively lobbying regulators on behalf of “clean
10 diesel.” Bosch collected millions of dollars in revenues and profits from the hidden software
11 installed in the Vehicles.
12
13

14 227. Without the RICO Defendants’ willing participation, including Bosch GmbH and
15 Bosch LLC’s active involvement in developing and supplying the critical emission control
16 software for the Vehicles, the Enterprise’s scheme and common course of conduct would have
17 been unsuccessful.
18

19 228. The RICO Defendants directed and controlled the ongoing organization
20 necessary to implement the scheme at meetings and through communications of which Plaintiffs
21 cannot fully know at present, because such information lies in the RICO Defendants’ or other’s
22 hands.
23

24 229. Similarly, because the defendants often refer to themselves as a group (*i.e.*,
25 “Bosch” rather than “Bosch GmbH” and “Bosch LLC”), Plaintiffs cannot fully know the full
26 extent of each individual corporate entity’s involvement in the wrongdoing prior to having access
27 to discovery.
28

C. Mail and Wire Fraud

230. To carry out, or attempt to carry out the scheme to defraud, the RICO Defendants, each of whom is a person associated-in-fact with the EcoDiesel® RICO Enterprise, did knowingly conduct or participate, directly or indirectly, in the conduct of the affairs of the Enterprise through a pattern of racketeering activity within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c), and which employed the use of the mail and wire facilities, in violation of 18 U.S.C. § 1341 (mail fraud) and § 1343 (wire fraud).

231. Specifically, as alleged herein, the RICO Defendants have committed, conspired to commit, and/or aided and abetted in the commission of, at least two predicate acts of racketeering activity (i.e., violations of 18 U.S.C. §§ 1341 and 1343), within the past ten years. The multiple acts of racketeering activity that the RICO Defendants committed, or aided or abetted in the commission of, were related to each other, posed a threat of continued racketeering activity, and therefore constitute a “pattern of racketeering activity.” The racketeering activity was made possible by the RICO Defendants’ regular use of the facilities, services, distribution channels, and employees of the EcoDiesel® RICO Enterprise. The RICO Defendants participated in the scheme to defraud by using mail, telephone and the Internet to transmit mailings and wires in interstate or foreign commerce.

232. The RICO Defendants used, directed the use of, and/or caused to be used, thousands of interstate mail and wire communications in service of their scheme through virtually uniform misrepresentations, concealments and material omissions.

233. In devising and executing the illegal scheme, the RICO Defendants devised and knowingly carried out a material scheme and/or artifice to defraud Plaintiffs or to obtain money from Plaintiffs by means of materially false or fraudulent pretenses, representations, promises,

1 or omissions of material facts. For the purpose of executing the illegal scheme, the RICO
2 Defendants committed these racketeering acts which number in the thousands, intentionally and
3 knowingly with the specific intent to advance the illegal scheme.

4 234. The RICO Defendants' predicate acts of racketeering (18 U.S.C. § 1961(1))
5 include, but are not limited to:
6

7 A. Mail Fraud: The RICO Defendants violated 18 U.S.C. § 1341 by sending or
8 receiving, or by causing to be sent and/or received, materials via U.S. mail or
9 commercial interstate carriers for the purpose of executing the unlawful scheme
10 to design, manufacture, market, and sell the Fraudulent Vehicles by means of
11 false pretenses, misrepresentations, promises, and omissions.
12

13 B. Wire Fraud: The RICO Defendants violated 18 U.S.C. § 1343 by transmitting
14 and/or receiving, or by causing to be transmitted and/or received, materials by
15 wire for the purpose of executing the unlawful scheme to defraud and obtain
16 money on false pretenses, misrepresentations, promises, and omissions.
17

18 235. The RICO Defendants' uses of the mails and wires include, but are not limited
19 to, the transmission, delivery, or shipment of the following by the RICO Defendants or third
20 parties that were foreseeably caused to be sent as a result of Defendants' illegal scheme:

- 21 A. the Fraudulent Vehicles themselves;
22 B. component parts for the EcoDiesel® engines;
23 C. component parts for the Bosch emission control hardware and software;
24 D. false or misleading emission test results;
25 E. applications for EPA COCs and CARB EOs that concealed AECDs;
26 F. fraudulently-obtained EPA COCs and CARB EOs;
27
28

- G. vehicle registrations and plates as a result of the fraudulently-obtained EPA COCs and CARB EOs;
- H. documents and communications that facilitated “passing” emission tests;
- I. false or misleading communications intended to prevent regulators and the public from discovering the true nature of the emission controls and/or AECDs;
- J. sales and marketing materials, including advertising, websites, packaging, brochures, and labeling, concealing the true nature of the Fraudulent Vehicles;
- K. documents intended to facilitate the manufacture and sale of the Fraudulent Vehicles, including bills of lading, invoices, shipping records, reports and correspondence;
- L. documents to process and receive payment for the Fraudulent Vehicles by unsuspecting Plaintiffs, including invoices and receipts;
- M. payments to VM Italy and VM America;
- N. payments to Bosch GmbH and Bosch LLC;
- O. millions of dollars in compensation to Marchionne and Denner;
- P. deposits of proceeds; and/or
- Q. other documents and things, including electronic communications.

236. The RICO Defendants (or their agents), for the purpose of executing the illegal scheme, sent and/or received (or caused to be sent and/or received) by mail or by private or interstate carrier, shipments of the Fraudulent Vehicles and related documents by mail or a private carrier affecting interstate commerce, including the items described above and alleged below:

<u>From</u>	<u>To</u>	<u>Date</u>	<u>Description</u>
FCA	Bosch LLC	January 2013	Documents related to agreement to purchase Bosch EDC Unit 17 for 2014 Jeep Grand Cherokee.
VM Motori	FCA	January 2013	Documents related to Eco Diesel engine for 2014 Jeep Grand Cherokee.
FCA, Michigan	FCA Dealership	July 2013	Marketing Documents for 2014 Ram 1500 Vehicles.
EPA	FCA	September 2013	COC and related documents for 2014 Jeep Grand Cherokee.
EPA	FCA	September 2014	COC and related documents for 2015 Jeep Grand Cherokee.
FCA Warren Truck Assembly	Arrigo Dodge Dealership, Sunrise, Florida	November 2015	Shipment of 2016 Ram 1500 Vehicles.

237. The RICO Defendants (or their agents), for the purpose of executing the illegal scheme, transmitted (or caused to be transmitted) in interstate commerce by means of wire communications, certain writings, signs, signals and sounds, including those items described above and alleged below:

<u>From</u>	<u>To</u>	<u>Date</u>	<u>Description</u>
Bosch LLC	RP Newswire, New York (and media networks around United States)	January 2013	Press release that Bosch's "clean diesel" technology will be featured in 2014 Jeep Grand Cherokee.
FCA, Michigan	Driving Public Throughout all 50 States	July 2013	Ram Zone Blog: <i>The 2014 Ram 1500 with Eco Diesel Engine, Available Soon at a Dealer Near You.</i>

Bosch LLC	FCA	October 2013	Software and calibration documentation for emission control technology.
FCA, Michigan	EPA, Michigan and CARB, California	January 2014	Certification Summary Information Report with emission test results for 2014 Jeep Grand Cherokee and 2014 Ram 1500.
FCA, Michigan	EPA, Michigan and CARB, California	January 2015	Certification Summary Information Report with emission test results for 2015 Jeep Grand Cherokee and 2015 Ram 1500.
FCA, Michigan	EPA Washington, DC	February 2, 2016	Email correspondence re: FCA lulling press release concerning compliance of diesel vehicles with applicable emission regulations.
EPA, Washington, DC	FCA, Michigan	November 30, 2016	Email correspondence re: conference call between EPA officials and Sergio Marchionne.

238. The RICO Defendants also used the internet and other electronic facilities to carry out the scheme and conceal their ongoing fraudulent activities. Specifically, FCA, under the direction and control of Fiat and Marchionne, made misrepresentations about the Fraudulent Vehicles on their websites, YouTube, and through ads online, all of which were intended to mislead regulators and the public about the emission standards and other performance metrics.

239. The RICO Defendants also communicated by U.S. mail, by interstate facsimile, and by interstate electronic mail with various other affiliates, regional offices, divisions, dealerships and other third-party entities in furtherance of the scheme.

240. The mail and wire transmissions described herein were made in furtherance of Defendants' scheme and common course of conduct to deceive regulators and consumers and

1 lure consumers into purchasing the Fraudulent Vehicles, which Defendants knew or recklessly
2 disregarded as emitting illegal amounts of pollution, despite their advertising campaign that the
3 Fraudulent Vehicles were “clean” diesel cars.

4 241. Many of the precise dates of the fraudulent uses of the U.S. mail and interstate
5 wire facilities have been deliberately hidden, and cannot be alleged without access to Defendants’
6 books and records. However, Plaintiffs have described the types of, and in some instances,
7 occasions on which the predicate acts of mail and/or wire fraud occurred. These include
8 thousands of communications to perpetuate and maintain the scheme, including the things and
9 documents described in the preceding paragraphs.
10

11 242. The RICO Defendants have not undertaken the practices described herein in
12 isolation, but as part of a common scheme and conspiracy. In violation of 18 U.S.C. § 1962(d),
13 the RICO Defendants conspired to violate 18 U.S.C. § 1962(c), as described herein. Various
14 other persons, firms and corporations, including third-party entities and individuals not named
15 as defendants in this Complaint, have participated as co-conspirators with the RICO Defendants
16 in these offenses and have performed acts in furtherance of the conspiracy to increase or maintain
17 revenues, increase market share, and/or minimize losses for the Defendants and their unnamed
18 co-conspirators throughout the illegal scheme and common course of conduct.
19
20

21 243. To achieve their common goals, the RICO Defendants hid from the general
22 public the excessive and unlawful emissions of the Fraudulent Vehicles and obfuscated the true
23 nature and level of the emissions even after regulators raised concerns. The RICO Defendants
24 suppressed and/or ignored warnings from third parties, whistleblowers, and governmental
25 entities about the discrepancies in emissions testing and the concealed auxiliary (or defeat)
26 devices present in the Fraudulent Vehicles.
27
28

1 244. With knowledge and intent, the RICO Defendants and each member of the
2 conspiracy, with knowledge and intent, have agreed to the overall objectives of the conspiracy,
3 and have participated in the common course of conduct, to commit acts of fraud and indecency
4 in designing, manufacturing, distributing, marketing, testing, and/or selling the Fraudulent
5 Vehicles (and the emission control technology contained therein).
6

7 245. Indeed, for the conspiracy to succeed, each of the RICO Defendants and their
8 co- conspirators had to agree to implement and use the similar devices and fraudulent tactics.
9 Specifically, the RICO Defendants committed to secrecy about the concealed AECDs in the
10 Fraudulent Vehicles.
11

12 246. The RICO Defendants knew and intended that government regulators would rely
13 on their material omissions made about the Fraudulent Vehicles to approve them for importation,
14 marketing, and sale in the United States and each state. The RICO Defendants knew and intended
15 that consumers would purchase the Fraudulent Vehicles and incur costs as a result. Plaintiffs'
16 reliance on this ongoing concealment is demonstrated by the fact that they purchased illegal and
17 defective vehicles that never should have been introduced into the U.S. stream of commerce. In
18 addition, the EPA, CARB, and other regulators relied on the misrepresentations and material
19 concealment and omissions made or caused to be made by the RICO Defendants; otherwise, FCA
20 could not have obtained valid COCs and EOs to sell the Fraudulent Vehicles.
21

22 247. As described herein, the RICO Defendants engaged in a pattern of related and
23 continuous predicate acts for years. The predicate acts constituted a variety of unlawful
24 activities, each conducted with the common purpose of obtaining significant monies and
25 revenues from Plaintiffs based on their misrepresentations and omissions, while providing
26 Fraudulent Vehicles that were worth significantly less than the purchase price paid. The
27
28

1 predicate acts also had the same or similar results, participants, victims, and methods of
2 commission. The predicate acts were related and not isolated events.

3 248. The predicate acts had the purpose of generating significant revenue and profits
4 for the RICO Defendants at the expense of Plaintiffs. The predicate acts were committed or
5 caused to be committed by the RICO Defendants through their participation in the EcoDiesel®
6 RICO Enterprise and in furtherance of its fraudulent scheme, and were interrelated in that they
7 involved obtaining Plaintiffs' funds and avoiding the expenses associated with remediating the
8 Fraudulent Vehicles.
9

10 249. During the design, manufacture, testing, marketing and sale of the Fraudulent
11 Vehicles, the RICO Defendants shared among themselves technical, marketing, and financial
12 information that revealed the existence of the AECDs contained therein. Nevertheless, the RICO
13 Defendants chose and agreed to disseminate information that deliberately misrepresented the
14 Fraudulent Vehicles as legal, "clean," "environmentally friendly," and "fuel efficient" in their
15 concerted efforts to market and sell them to consumers.
16

17 250. By reason of, and as a result of the conduct of the RICO Defendants, and in
18 particular, their pattern of racketeering activity, Plaintiffs have been injured in their business
19 and/or property in multiple ways, including but not limited to:
20

- 21 A. Purchase or lease of illegal, defective Fraudulent Vehicles;
- 22 B. Overpayment at the time of purchase or lease for Fraudulent Vehicles
23 purportedly having "EcoDiesel" properties and benefits, and meeting applicable
24 federal and state emissions standards, that did not have these properties or meet
25 these standards;
- 26 C. The value of the Fraudulent Vehicles has diminished;
- 27 D. Other, ongoing out-of-pocket and loss-of-use expenses;
- 28 E. Payment for alternative transportation; and

1 F. Loss of employment due to lack of transportation.

2 251. The RICO Defendants' violations of 18 U.S.C. § 1962(c) and (d) have directly
3 and proximately caused economic damage to Plaintiffs' business and property, and Plaintiffs are
4 entitled to bring this action for three times their actual damages, as well as injunctive/equitable
5 relief, costs, and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c).
6

7 **STATE LAW CLAIMS**

8 **CALIFORNIA COUNT 1**

9 **Breach of Express Warranty- Song-Beverly Consumer Warranty Act,**
10 **Civil Code Section 1790, *et seq.***
(Against Fiat and FCA)

11 252. Plaintiffs incorporate by reference each preceding paragraph as though fully set
12 forth herein.

13 253. Plaintiffs have complied with all applicable, pre-suit notice letter provisions, if any.

14 254. Plaintiffs bring this claim against Fiat and FCA.

15 255. Plaintiffs acquired the Fraudulent Vehicles in California; therefore, they are
16 "buyers" within the meaning of Cal. Civ. Code § 1791(b).
17

18 256. The Fraudulent Vehicles are "consumer good[s]" within the meaning of Cal. Civ.
19 Code § 1791(a).
20

21 257. Defendants are "manufacturers" and "distributors" of the Fraudulent Vehicles
22 within the meaning of Cal. Civ. Code § 1791(j).

23 258. Plaintiffs acquired Fraudulent Vehicles manufactured and distributed by
24 Defendants.
25

26 259. Fiat Chrysler made express warranties to Plaintiffs within the meaning of Cal. Civ.
27 Code §§ 1791.2 and 1793.2, as described above.
28

1 260. Plaintiffs' acquisitions of their Fraudulent Vehicles were accompanied by express
2 warranties. Federal law requires manufacturers of light-duty vehicles to provide two federal
3 emission control warranties: a "Performance Warranty" and a "Design and Defect Warranty."
4 The Performance Warranty applies to repairs that are required during the first two years or 24,000
5 miles, whichever occurs first, when a vehicle fails an emissions test. Under this warranty, certain
6 major emission control components are covered for the first eight years or 80,000 miles,
7 whichever comes first. These major emission control components subject to the longer warranty
8 include the catalytic converters, the electronic engine control unit (ECU), and the onboard
9 emissions diagnostic device or computer. The Design and Defect Warranty covers repair of
10 emission control or emission related parts which fail to function or function improperly due to a
11 defect in materials or workmanship. This warranty provides protection for two years or 24,000
12 miles, whichever comes first, or, for the major emission control components, for eight years or
13 80,000 miles, whichever comes first.

14 261. Defendants Fiat and FCA provided these warranties to Plaintiffs. These warranties
15 formed the basis of the bargain that was reached when Plaintiffs acquired the vehicles.

16 262. However, Defendants Fiat and FCA knew or should have known that the warranties
17 were false and/or misleading. Fiat and FCA were aware that the emissions systems in the
18 Fraudulent Vehicles sold and leased to Plaintiffs were designed to deactivate under real-world
19 driving conditions, and to emit oxides of nitrogen within legal limits only when undergoing
20 emissions testing, and therefore, knew that the emission systems contained defects.

21 263. Plaintiffs reasonably relied on Fiat's and FCA's express warranties concerning
22 emissions when purchasing or leasing the Fraudulent Vehicles. However, the Fraudulent Vehicles
23 did not perform as warranted. Unbeknownst to Plaintiffs, the Fraudulent Vehicles were designed
24

1 to pollute at higher than legal limits during normal driving, and could not achieve advertised
2 performance and efficiency metrics without this cheating design. This design and the devices that
3 effectuate it are defects. Defendants therefore breached their express warranties by providing a
4 product containing defects that were never disclosed to Plaintiffs.

5 264. Any opportunity to cure the express breach is unnecessary and futile.

6 265. The Fraudulent Vehicles have numerous defects and nonconformities covered by
7 the express terms of the warranties which manifested within the applicable express warranty
8 periods. The nonconformities substantially impair the use, value and/or safety of the Fraudulent
9 Vehicles to a reasonable person in Plaintiffs' situation.

10 266. Defendants and/or their authorized repair facilities have failed to repair the
11 defects and/or nonconformities to match the written warranty after a reasonable number of
12 attempts and, as such, have failed to comply with and have breached all applicable warranty
13 requirements.

14 267. Despite their breaches of express warranties, Defendants have refused and
15 continue to refuse to promptly comply with Plaintiffs' demands for a refund or replacement of
16 the Fraudulent Vehicles.

17 268. As a result of Defendants' failure to remedy the defects as alleged above and
18 promptly issue a refund or replacement of the Fraudulent Vehicles, Defendants are in breach of
19 their obligations under the Song-Beverly Consumer Warranty Act.

20 269. Pursuant to Cal. Civ. Code §§ 1793.2 & 1794, Plaintiffs sue Defendants for
21 damages and other legal and equitable relief including, at their election, all sums paid for their
22 Fraudulent Vehicles, or the overpayment or diminution in value of their Fraudulent Vehicles.
23 Plaintiffs further sue Defendants for civil penalties in amount to be determined at trial because
24
25
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1 Defendants' continuing breaches of their obligations as set forth herein are willful. Pursuant to
2 Cal. Civ. Code § 1794, Plaintiffs further sue Defendants for costs and attorneys' fees.

3 **CALIFORNIA COUNT 2-**
4 **Breach of Implied Warranty- Song-Beverly Consumer Warranty Act,**
5 **Civil Code Section 1790, *et seq.***
6 **(Against Fiat and FCA)**

7 270. Plaintiffs incorporate by reference each preceding paragraph as though fully set
8 forth herein.

9 271. Plaintiffs have complied with all applicable, pre-suit notice letter provisions, if any.

10 272. Plaintiffs bring this claim against Fiat and FCA (collectively, "Defendants" for
11 purposes of this Count).

12 273. Plaintiffs acquired the Fraudulent Vehicles in California; therefore, they are
13 "buyers" within the meaning of Cal. Civ. Code § 1791(b).

14 274. The Fraudulent Vehicles are "consumer good[s]" within the meaning of Cal. Civ.
15 Code § 1791(a).

16 275. Defendants are "manufacturers" and "distributors" of the Fraudulent Vehicles
17 within the meaning of Cal. Civ. Code § 1791(j).

18 276. At the time Plaintiffs acquired their Fraudulent Vehicles and all relevant times
19 thereafter Defendants warranted to undertake to preserve or maintain the utility or performance
20 of said vehicles.

21 277. At the time of purchase, Defendants were in the business of manufacturing,
22 distributing and/or selling motor vehicles.

23 278. Defendants impliedly warranted to Plaintiffs that the Fraudulent Vehicles were
24 "merchantable" within the meaning of Cal. Civ. Code §§ 1791.1(a) & 1792; however, the
25 Fraudulent Vehicles do not have the quality that a buyer or lessee would reasonably expect.
26
27
28

1 279. Cal. Civ. Code § 1791.1(a) states: “Implied warranty of merchantability” or
2 “implied warranty that goods are merchantable” means that the consumer goods meet each of the
3 following:

4 (1) Pass without objection in the trade under the contract description.

5 (2) Are fit for the ordinary purposes for which such goods are used.

6 (3) Are adequately contained, packaged, and labeled.

7 (4) Conform to the promises or affirmations of fact made on the container or label.

8
9 280. The Fraudulent Vehicles would not pass without objection in the automotive trade
10 because of the defects in the Fraudulent Vehicles’ “clean” diesel engine system and are thus not
11 merchantable. Because of the defects in the Fraudulent Vehicles’ “clean” diesel engine system,
12 they are not in merchantable condition and thus not fit for ordinary purposes.
13

14 281. The Fraudulent Vehicles are not adequately labeled because the labeling fails to
15 disclose the defects in the Fraudulent Vehicles’ “clean” diesel engine system. The Fraudulent
16 Vehicles do not conform to the promises and affirmations made by Defendants.
17

18 282. Defendants breached the implied warranty of merchantability by manufacturing
19 and selling Fraudulent Vehicles containing defects associated with the “clean” diesel engine
20 system. Furthermore, these defects have caused Plaintiffs to not receive the benefit of their
21 bargain and have caused Fraudulent Vehicles to depreciate in value.
22

23 283. As a direct and proximate result of Defendants’ breaches of the implied warranties
24 of merchantability, Plaintiffs received goods whose defective condition substantially impairs their
25 value to Plaintiffs. Plaintiffs have been damaged as a result of the diminished value of Defendants’
26 products, the products’ malfunctioning, and the nonuse of their Fraudulent Vehicles
27
28

1 284. Pursuant to Cal. Civ. Code §§ 1791.1(d) & 1794, Plaintiffs sue Defendants for
 2 damages and other legal and equitable relief including, at their election, the purchase price of their
 3 Fraudulent Vehicles, or the overpayment or diminution in value of their Fraudulent Vehicles.
 4 Plaintiffs further sue Defendants for civil penalties in amount to be determined at trial because of
 5 Defendants' willful failure to comply with their obligations to Plaintiffs. Pursuant to Cal. Civ.
 6 Code § 1794, Plaintiffs further sue Defendants for costs and attorneys' fees.
 7

8 **CALIFORNIA COUNT 3-**
 9 **Violation of California Consumer Legal Remedies Act-**
 10 **Civil Code Section 1750, *et seq.***

11 285. Plaintiffs incorporate by reference each preceding paragraph as though
 12 fully set forth herein.

13 286. Plaintiffs have complied with all applicable, pre-suit notice letter
 14 provisions, if any.

15 287. Defendants are "person[s]" under Cal. Civ. Code § 1761(c) and § 1770 and
 16 sell "goods" and "services" within the meaning of Civil Code §1761(e) and §1770.
 17

18 288. Plaintiffs are "consumers" within the meaning of Civil Code §1761(d) and
 19 §1770.

20 289. Plaintiffs engaged in a "transaction" within the meaning of Civil Code
 21 §1761(e), including the acquisition of the Fraudulent Vehicles from Defendants and the
 22 presentation of the Fraudulent Vehicles to Defendants for repair or replacement of the defect.
 23

24 290. The California Legal Remedies Act ("CLRA") prohibits "unfair or
 25 deceptive acts or practices undertaken by any person in a transaction intended to result or
 26 which results in the sale or lease of goods or services to any consumer[.]" Cal. Civ. Code §
 27 1770(a). As set forth herein, Defendants' acts and practices violate Civil Code §§1750, *et*
 28

1 *seq.*, including without limitation Civil Code §§1770(a)(9), (a)(14), (a)(16) and (a)(19), in
 2 that Defendants: (a) represented that their goods have sponsorship, approval, characteristics,
 3 uses, or benefits which they do not have; (b) represented that their goods are of a particular
 4 standard, quality, or grade, but are of another; (c) advertised their goods with the intent not
 5 to sell them as advertised; (d) represented that a transaction conferred or involved rights,
 6 remedies, or obligations which it did not have or involve; and (e) represented that their
 7 goods were supplied in accordance with a previous representation when they were not. In the
 8 course of their business, Defendants, through their agents, employees, and/or subsidiaries,
 9 violated the CLRA.
 10

11 291. As detailed in the common law fraud allegations: (1) Fiat Chrysler
 12 affirmatively misrepresented the environmental friendliness and emissions of the Fraudulent
 13 Vehicles through the EcoDiesel badge—a material fact that was false because the Defendants
 14 developed and installed emission cheating components in the Fraudulent Vehicles that caused
 15 them to pollute excessively in real-world conditions; (2) Fiat Chrysler touted, through the
 16 EcoDiesel badge and uniform and pervasive consumer communications, the Fraudulent
 17 Vehicles’ fuel efficiency and performance, and the Defendants concealed that the fuel
 18 efficiency and performance could be achieved only through emission control devices in the
 19 Fraudulent Vehicles that caused them to pollute excessively in real-world conditions; and (3)
 20 the Defendants developed and installed emission cheating components that caused the
 21 Fraudulent Vehicles to pollute excessively in real-world conditions, and fraudulently
 22 concealed that fact from regulators and Plaintiffs alike. In so doing, Defendants engaged in
 23 one or more of the following unfair or deceptive acts or practices as defined in Cal. Civ. Code
 24 § 1770(a):
 25
 26
 27
 28

- 1 A. Representing that the Fraudulent Vehicles have approval, characteristics, uses, or
- 2 benefits that they do not have;
- 3 B. Representing that the Fraudulent Vehicles are of a particular standard, quality and
- 4 grade when they are not; and/or
- 5 C. Advertising the Fraudulent Vehicles with the intent not to sell or lease them as
- 6 advertised.
- 7

8 292. Defendants' scheme and concealment of the true characteristics of the
9 EcoDiesel® emission control system were material to Plaintiffs, as Defendants intended. Had
10 they known the truth, Plaintiffs would not have acquired the Fraudulent Vehicles, or—if the
11 Fraudulent Vehicles' true nature had been disclosed and mitigated, and the Vehicles rendered
12 legal to sell—would have paid significantly less for them.

13
14 293. Plaintiffs had no way of discerning that Defendants' representations were
15 false and misleading, or otherwise learning the facts that Defendants had concealed or failed
16 to disclose, because Defendants' emission control software was extremely sophisticated
17 technology. Plaintiffs did not, and could not, unravel Defendants' deception on their own.

18
19 294. Defendants had an ongoing duty to Plaintiffs to refrain from unfair and
20 deceptive practices under the California CLRA in the course of their business. Specifically,
21 Defendants owed Plaintiffs a duty to disclose all the material facts concerning the EcoDiesel®
22 emission control system because they possessed exclusive knowledge, they intentionally
23 concealed it from Plaintiffs, and/or they made misrepresentations that were rendered
24 misleading because they were contradicted by withheld facts.

25
26 295. Plaintiffs suffered ascertainable loss and actual damages, including
27 economic and non-economic damages (including, without limitation, damages for
28

1 embarrassment, humiliation, mental anguish and emotional distress) as a direct and proximate
2 result of Defendants' misrepresentations and its concealment of and failure to disclose
3 material information. Plaintiffs would not have acquired the Fraudulent Vehicles at all
4 and/or—if the Vehicles' true nature had been disclosed and mitigated, and the Vehicles
5 rendered legal to sell—would have paid significantly less for it. The Plaintiffs also suffered
6 diminished value of their vehicles, as well as lost or diminished use.
7

8 296. Defendants' violations present a continuing risk to the Plaintiffs as well as
9 to the general public. Defendants' unlawful acts and practices complained of herein affect
10 the public interest.
11

12 297. Plaintiffs sue Defendants for actual damages, including economic and non-
13 economic damages (including, without limitation, damages for embarrassment, humiliation,
14 mental anguish and emotional distress) as determined at trial plus restitution plus costs of
15 court and litigation and attorneys' fees under Cal. Civ. Code § 1780 plus any other just and
16 proper relief available under the CLRA. Under Cal. Civ. Code § 1780(b), Plaintiffs seeks an
17 additional award against Defendants of up to \$5,000 for each Plaintiff who qualifies as a
18 "senior citizen" or "disabled person" under the CLRA. Plaintiffs also seek punitive damages
19 against Defendants because Defendants carried out reprehensible conduct with willful and
20 conscious disregard of the rights and safety of others, subjecting Plaintiffs to potential cruel
21 and unjust hardship as a result. Defendants intentionally and willfully deceived Plaintiffs on
22 life-or-death matters, and concealed material facts that only Defendants knew. Defendants'
23 unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages
24 under Cal. Civ. Code § 3294.
25
26
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28

**CALIFORNIA COUNT 4-
Violation of California Unfair Competition Law –
California Business and Professions Code §17200, *et seq.***

298. Plaintiffs incorporate by reference each preceding paragraph as though fully set forth herein.

299. Plaintiffs have complied with all applicable, pre-suit notice letter provisions, if any.

300. California’s Unfair Competition Law (“UCL”), Business and Professions Code § 17200, prohibits any “unlawful, unfair, or fraudulent business act or practices.”

301. As detailed in the common law fraud allegations: (1) Fiat Chrysler affirmatively

misrepresented the environmental friendliness and emissions of the Fraudulent Vehicles through the EcoDiesel badge—a material fact that was false because the Defendants developed and installed emission cheating components in the Fraudulent Vehicles that caused them to pollute excessively in real-world conditions; (2) Fiat Chrysler touted, through the EcoDiesel badge and uniform and pervasive consumer communications, the Fraudulent Vehicles’ fuel efficiency and performance, and the Defendants concealed that the fuel efficiency and performance could be achieved only through emission control devices in the Fraudulent Vehicles that caused them to pollute excessively in real-world conditions; and (3) the Defendants developed and installed emission cheating components that caused the Fraudulent Vehicles to pollute excessively in real-world conditions, and fraudulently concealed that fact from regulators and Plaintiffs alike. In so doing, Defendants engaged in at least the following unlawful, fraudulent, and unfair business acts and practices in violation of the UCL

A. by knowingly and intentionally concealing from Plaintiffs that the Fraudulent Vehicles suffer from a design defect while obtaining money from Plaintiffs;

1 B. by marketing Fraudulent Vehicles as possessing functional and defect-free, “clean”
2 diesel engine systems; and

3 C. by violating both federal and California laws, including the federal RICO statute
4 and California laws governing vehicle emissions and emission testing
5 requirements.

6 Defendants’ cheating scheme and concealment of the true characteristics of the EcoDiesel
7 emission control system were material to Plaintiffs, and Defendants misrepresented, concealed, or
8 failed to disclose the truth with the intention that consumers would rely on the misrepresentations,
9 concealments, and omissions. Had they known the truth, Plaintiffs would not have purchased or
10 leased the Fraudulent Vehicles at all or—if the Vehicles’ true nature had been disclosed and
11 mitigated, and the Vehicles rendered legal to sell—would have paid significantly less for them.

12
13 302. Plaintiffs suffered ascertainable loss and actual damages as a direct and proximate
14 result of Defendants’ misrepresentations and their concealment of and failure to disclose material
15 information.

16
17 303. Plaintiffs sue Defendants for orders or judgments to restore to Plaintiffs any money
18 Defendants acquired by unfair competition, including restitution and/or restitutionary
19 disgorgement, and for such other relief set forth below. Plaintiffs sue Defendants for actual
20 damages, including economic and non-economic damages (including, without limitation,
21 damages for embarrassment, humiliation, mental anguish and emotional distress) as determined
22 at trial plus costs of court and attorneys’ plus any other just and proper relief available under the
23 California law. Plaintiffs also seek punitive damages against Defendants because Defendants
24 carried out reprehensible conduct with willful and conscious disregard of the rights and safety of
25 others, subjecting Plaintiffs to potential cruel and unjust hardship as a result. Defendants
26 intentionally and willfully deceived Plaintiffs on life-or-death matters, and concealed material
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1 facts that only Defendants knew. Defendants' unlawful conduct constitutes malice, oppression,
2 and fraud warranting punitive damages.

3 **CALIFORNIA COUNT 5-**
4 **False Advertising Under California Unfair Competition Law –**
5 **California Business and Professions Code §17500, *et seq.***

6 304. Plaintiffs incorporate by reference each preceding paragraph as though
7 fully set forth herein.

8 305. Plaintiffs have complied with all applicable, pre-suit notice letter
9 provisions, if any

10 306. California Bus. & Prof. Code § 17500 states: "It is unlawful for any
11 ...corporation ... with intent directly or indirectly to dispose of real or personal property ...
12 to induce the public to enter into any obligation relating thereto, to make or disseminate or
13 cause to be made or disseminated ... from this state before the public in any state, in any
14 newspaper or other publication, or any advertising device, ... or in any other manner or means
15 whatever, including over the Internet, any statement ... which is untrue or misleading, and
16 which is known, or which by the exercise of reasonable care should be known, to be untrue
17 or misleading."
18

19 307. As detailed in the common law fraud allegations: (1) Fiat Chrysler
20 affirmatively misrepresented the environmental friendliness and emissions of the Fraudulent
21 Vehicles through the EcoDiesel badge—a material fact that was false because the Defendants
22 developed and installed emission cheating components in the Fraudulent Vehicles that caused
23 them to pollute excessively in real-world conditions; (2) Fiat Chrysler touted, through the
24 EcoDiesel badge and uniform and pervasive consumer communications, the Fraudulent
25 Vehicles' fuel efficiency and performance, and the Defendants concealed that the fuel
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1 efficiency and performance could be achieved only through emission control devices in the
2 Fraudulent Vehicles that caused them to pollute excessively in real-world conditions; and (3)
3 the Defendants developed and installed emission cheating components that caused the
4 Fraudulent Vehicles to pollute excessively in real-world conditions, and fraudulently
5 concealed that fact from regulators and Plaintiffs alike. In

6
7 308. Defendants caused to be made or disseminated through California and the
8 United States, through advertising, marketing and other publications, statements that were
9 untrue or misleading, and which were known, or which by the exercise of reasonable care
10 should have been known to Defendants, to be untrue and misleading to consumers, including
11 Plaintiffs. Numerous examples of these statements and advertisements appear throughout
12 this Complaint.
13

14 309. Defendants have violated § 17500 because the misrepresentations and
15 omissions regarding the safety, reliability, and functionality of Fraudulent Vehicles as set
16 forth in this Complaint were material and likely to deceive a reasonable consumer.
17 Defendants engaged in unfair business practices by, among other things: (a) Engaging in
18 conduct that is immoral, unethical, oppressive, unscrupulous, or substantially injurious to
19 Plaintiff; (b) Engaging in conduct that undermines or violates the stated policies underlying
20 the CLRA, which seeks to protect consumers against unfair and sharp business practices and
21 to promote a basic level of honesty and reliability in the marketplace; and (c) Engaging in
22 conduct that causes a substantial injury to consumers, not outweighed by any countervailing
23 benefits to consumers or to competition, which the consumers could not have reasonably
24 avoided.
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1 310. Plaintiffs have suffered an injury in fact, including the loss of money or
2 property, as a result of Defendants' unfair, unlawful, and/or deceptive practices. In acquiring
3 their Fraudulent Vehicles, Plaintiffs relied on the misrepresentations and/or omissions of
4 Defendants with respect to the safety, performance and reliability of the Fraudulent Vehicles.
5 Defendants' representations turned out not to be true because the Fraudulent Vehicles are
6 distributed with faulty and defective diesel engine systems, rendering certain safety and
7 emissions functions inoperative. Had Plaintiffs known this, they would not have acquired
8 their Fraudulent Vehicles and/or paid as much for them. Accordingly, Plaintiffs overpaid for
9 their Fraudulent Vehicles and did not receive the benefit of their bargain.
10

11 311. Plaintiffs sue Defendants for orders or judgments to restore to Plaintiffs
12 any money Defendants acquired by unfair competition, including restitution and/or
13 restitutionary disgorgement, and for such other relief set forth below. Plaintiffs sue
14 Defendants for actual damages, including economic and non-economic damages (including,
15 without limitation, damages for embarrassment, humiliation, mental anguish and emotional
16 distress) as determined at trial plus costs of court and attorneys' plus any other just and proper
17 relief available under the California law. Plaintiffs also seek punitive damages against
18 Defendants because Defendants carried out reprehensible conduct with willful and conscious
19 disregard of the rights and safety of others, subjecting Plaintiffs to potential cruel and unjust
20 hardship as a result. Defendants intentionally and willfully deceived Plaintiffs on life-or-
21 death matters, and concealed material facts that only Defendants knew. Defendants' unlawful
22 conduct constitutes malice, oppression, and fraud warranting punitive damages.
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**CALIFORNIA COUNT 6-
Fraud**

312. Plaintiffs incorporate by reference each preceding paragraph as though fully set forth herein.

A. Affirmative Misrepresentation

313. Plaintiffs assert this affirmative misrepresentation theory of fraud on behalf of themselves against the Fiat Chrysler Defendants and VM Motori Defendants.

314. Fiat Chrysler branded each Fraudulent Vehicle with the EcoDiesel badge. Through the badge, Fiat Chrysler communicated to each of Plaintiffs that the Fraudulent Vehicles were, among other things, environmentally friendly.

315. This was a material fact, as Fiat Chrysler's own research and communications demonstrate. Fiat Chrysler's representations were false because the Fraudulent Vehicles contain undisclosed emission cheating components that cause them to pollute excessively in real-world driving conditions.

316. Fiat Chrysler and VM Motori knew the representations were false and intended Plaintiffs to rely on them.

317. Plaintiffs decided to acquire their Fraudulent Vehicles based in part on the representations communicated through the EcoDiesel badge, and they relied on such representations to their detriment.

B. Fraudulent Concealment: Fuel Economy and Performance Representations

318. Plaintiffs assert this fraudulent concealment theory against all Defendants.

319. Again, Fiat Chrysler branded each Fraudulent Vehicle with the EcoDiesel badge, which communicated not only that the Fraudulent Vehicles were environmentally friendly, but also that they were fuel efficient.

1 320. The fuel economy and performance representations were also the centerpiece of
2 Fiat Chrysler's marketing efforts and featured prominently in virtually every advertisement and
3 consumer communication. As detailed above, through dealership training materials leading to
4 representations at the point of sale, vehicle brochures, the manufacturer websites, print
5 advertisements, television advertisements, and other avenues, Fiat Chrysler pervasively and
6 consistently represented that the Fraudulent Vehicles had best in class fuel economy and touted
7 their specific MPG and range, as well as their supposedly superior torque and performance.
8

9 321. Defendants concealed and suppressed the fact that the Fraudulent Vehicles could
10 achieve their fuel efficiency and power only through undisclosed cheating components that cause
11 them to pollute excessively. This was a material fact about which the Defendants had knowledge,
12 and that they concealed from Plaintiffs to mislead them.
13

14 322. Plaintiffs did not know this fact and could not have discovered it through
15 reasonably diligent investigation.
16

17 323. Defendants had a duty to disclose that the emission treatment technology in the
18 Fraudulent Vehicles is de-activated or reduced under real-world driving conditions because (1) the
19 Defendants had exclusive knowledge of the material, suppressed facts; (2) the Defendants took
20 affirmative actions to conceal the material facts, including by not identifying them for the EPA
21 and CARB; and (3) Fiat Chrysler made partial representations about the environmental
22 friendliness, fuel economy, and performance of the Fraudulent Vehicles that were misleading
23 without disclosure of the fact that the Fraudulent Vehicles contained hidden emission cheating
24 components that caused the Fraudulent Vehicles to pollute excessively in real-world driving
25 conditions.
26

27 324. Plaintiffs decided to acquire their Fraudulent Vehicles based in part on the
28

1 representations communicated through the EcoDiesel badge and other consistent and pervasive
2 consumer communications concerning fuel economy and efficiency, and they relied on such
3 representations to their detriment.

4 **C. Fraudulent Concealment: Installing and Concealing the Defeat Devices**

5 325. Plaintiffs assert this fraudulent concealment theory against all Defendants.

6
7 326. Each Defendant committed fraud by installing and calibrating emission control
8 devices in the Fraudulent Vehicles, which were unlawfully concealed from regulators and
9 consumers alike. In uniform advertising and materials provided with each Fraudulent Vehicle, the
10 Fiat Chrysler Defendants concealed from Plaintiffs that the emission treatment technology de-
11 activated under real-world driving conditions.

12
13 327. The Fiat Chrysler Defendants intentionally concealed, suppressed, and failed to
14 disclose the facts that the Fraudulent Vehicles had defective emission controls and/or emitted
15 unlawfully high levels of pollutants such as NOx. These Defendants, along with VM Motori and
16 the Bosch Defendants, knew or should have known the true facts, due to their involvement in the
17 design, installment, and calibration of the emission treatment technology in the Fraudulent
18 Vehicles. And yet, at no time did any of these Defendants reveal the truth to Plaintiffs. To the
19 contrary, each Defendant concealed the truth, intending for Plaintiffs to rely— which they did.

20
21 328. A reasonable consumer would not have expected that the emission treatment
22 technology in the Fraudulent Vehicles de-activated under real-world driving conditions or that the
23 Fraudulent Vehicles would spew unmitigated NOx during city or highway driving. Plaintiffs did
24 not know of the facts which were concealed from them by Defendants. Moreover, as consumers,
25 Plaintiffs did not, and could not, unravel the deception on their own.

26
27 329. Defendants had a duty to disclose that the emission treatment technology is de-
28

1 activated under real-world driving conditions and that the Fraudulent Vehicles spewed unmitigated
2 NOx during real-world conditions. Defendants had such a duty because the true facts were known
3 and/or accessible only to them and because they knew these facts were not known to or reasonably
4 discoverable by Plaintiffs.

5 330. Fiat Chrysler and VM Motori also had a duty to disclose the true nature of the
6 emission controls in light of their statements about the qualities of the EcoDiesel® engines and the
7 Fraudulent Vehicles' emissions levels, which were misleading, deceptive, and incomplete without
8 the disclosure of the fact that the emission treatment technology is de-activated under real-world
9 driving conditions and that the Fraudulent Vehicles spewed unmitigated NOx during real-world
10 conditions. Fiat Chrysler held out the Fraudulent Vehicles as reduced emission diesel vehicles,
11 when in fact, they were unlawfully high emission vehicles. Having volunteered to provide
12 information to Plaintiffs, Fiat Chrysler and VM Motori had the duty to disclose the whole truth.
13 On information and belief, Fiat Chrysler has still not made full and adequate disclosures and
14 continues to defraud Plaintiffs by concealing material information regarding the emissions qualities
15 of the Fraudulent Vehicles.
16
17
18

19 331. But for Defendants' fraud, Plaintiffs would not have purchased the Fraudulent
20 Vehicles, or would have paid less for them. Plaintiffs have sustained damage because they
21 acquired vehicles that were not as represented and because they own Fraudulent Vehicles that
22 should never have been placed in the stream of commerce and are diminished in value as a result
23 of Defendants' fraud. Accordingly, Defendants are liable to Plaintiffs for damages in an amount
24 to be proven at trial.
25

26 332. Plaintiffs hereby sue Defendants for damages, including economic and non-
27 economic damages (including, without limitation, damages for embarrassment, humiliation,
28

1 inconvenience, mental anguish and emotional distress) in an amount to be proven at trial.
2 Defendants engaged in fraud that was malicious, oppressive, or gross and the statements were
3 made recklessly without regard to their truth and without caring or knowing if they were true or
4 not. Defendants' conduct thus warrants substantial exemplary damages in an amount to be
5 determined at trial, which Plaintiffs hereby sue for.
6

7 **CALIFORNIA COUNT 7-**
8 **Negligent Misrepresentation**

9 333. Plaintiffs incorporate by reference each preceding paragraph as though fully set
10 forth herein.

11 334. Defendants made material misrepresentations of fact to Plaintiffs concerning the
12 quality and condition of the Fraudulent Vehicles.

13 335. At the time the representations were made, Defendants knew, or by the exercise of
14 reasonable care, should have known, that the statements were false and that the Fraudulent
15 Vehicles were defective, as detailed above.
16

17 336. Defendants made such claims about the Fraudulent Vehicles with the intent to
18 induce Plaintiffs to purchase the Fraudulent Vehicles.

19 337. Plaintiffs justifiably relied upon Defendants' misrepresentations about the quality
20 and condition of the Fraudulent Vehicles.
21

22 338. Plaintiffs have suffered harm as a result of Defendants misrepresentations and
23 omissions of material fact.

24 339. Defendants are liable to Plaintiffs for damages, including economic and non-
25 economic damages (including, without limitation, damages for embarrassment, humiliation,
26 mental anguish and emotional distress) in an amount to be proven at trial, for which Plaintiffs sue
27 Defendants.
28

**CALIFORNIA COUNT 8-
Joint Venture**

340. Plaintiffs incorporate by reference each preceding paragraph as though fully set forth herein.

341. Defendants acted in concert and for a common purpose for monetary gain as joint venture partners with an agreement to share the profits, if any, of their unlawful acts, and therefore are jointly and severally liable to Plaintiffs for the damages awarded by this Court.

**CALIFORNIA COUNT 9-
Civil Conspiracy**

342. Plaintiffs incorporate by reference each preceding paragraph as though fully set forth herein.

343. Defendants engaged in civil conspiracy with each other and with person(s) unknown to the Plaintiffs to conceal the defects in the Fraudulent Vehicles.

344. The conspiracy had the unlawful objective of profiting from the sale of the Fraudulent Vehicles, all of which are defective as described above.

345. Defendants had a meeting of the minds with each other and person(s) unknown.

346. In furtherance of this civil conspiracy, Defendants committed the acts alleged herein.

347. As set forth above, Defendants engaged in unlawful overt acts in furtherance of the conspiracy.

348. Defendants are jointly and severally liable to Plaintiffs for damages, including economic and non-economic damages (including, without limitation, damages for embarrassment, humiliation, mental anguish and emotional distress) in an amount to be proven at trial, for which Plaintiffs sue Defendants. Moreover, because Defendants acted wantonly,

1 maliciously, oppressively, recklessly, deliberately, with an evil mind, and with intent to defraud
2 Plaintiffs for the purpose of enriching themselves at Plaintiffs' detriment, Defendants' conduct
3 warrants the imposition of substantial punitive and exemplary damages in an amount to be
4 determined at trial, for which Plaintiffs sue Defendants.

5
6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiffs respectfully request that the Court enter judgment in Plaintiffs'
8 favor and against Defendants, as follows:

- 9
10 A. Actual damages, including economic and non-economic damages (including,
11 without limitation, damages for embarrassment, humiliation, mental anguish and
12 emotional distress);
13 B. Statutory damages;
14 C. Civil penalties
15 D. Punitive and exemplary damages;
16 E. For an award of restitution and disgorgement of profits, or other equitable relief
17 as the Court deems proper;
18 F. Rescission;
19 G. An order requiring Defendants to pay both pre- and post-judgment interest on any
20 amounts awarded;
21 H. An award of costs of suit and attorneys' fees; and
22 I. Such other or further relief as may be appropriate.
23
24
25

26 Dated: January ____, 2019.
27
28

HEYGOOD, ORR & PEARSON

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Admission *Pro Hac Vice*
to be Sought for:

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ATTORNEY FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of January, 2019, I filed the foregoing from the Service List and a copy of has been served on all Parties required to be served by electronically filing with the Clerk of the Court of the U. S. District Court for the Northern District of California, San Francisco Division, by using the CM/ECF system.

/s/ Charles Miller
Charles Miller